FINANCIAL TIMES

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Five minute puzzle for star wars engineers, Page 4

NEWS SUMMARY

GENERAL

Low-key reaction to missile crash

Nato voiced concern over the violation of Norwegian air space by a Soviet cruise missile which later crashed in Finland.

Nato's reaction was low-key, however, in view of next Monday's important arms control talks in Geneva between U.S. Secretary of State George Shultz and Soviet Foreign Minister Andrei Gromyko. **Page 2**

Deaver resigns

Deputy White House Chief of Staff Micheal Deaver, one of President Reagan's closest advisers, is to resign. **Page 16**

Gibraltar date

Spain plans to open its frontier with Gibraltar on February 5, the day that talks begin on the future of the British colony. **Page 2**

Bolivia air crash

Bolivia said all 29 people on an Eastern Airlines Boeing 727 were feared dead after it crashed into a mountain near La Paz airport.

Lambsdorff trial

The bribery trial of former West German Economics Minister Otto Lambsdorff, scheduled to begin on January 10, has been postponed indefinitely. **Page 2**

French blockade

Striking French seamen threatened to tighten their blockade of Channel ports after the failure of talks to end their dispute over staff reductions.

Punjab mission

Indian Prime Minister Rajiv Gandhi has appointed a Cabinet committee of three senior ministers to find a solution to the Punjab problem, which lies behind several years of Sikh extremist violence. **Page 3**

Gas leak protest

About 1,000 victims of the Bhopal poisonous gas leak demanding relief payments began a demonstration outside the Madhya Pradesh state chief minister's home.

Envoy seized

Four gunmen abducted the Swiss Chargé d'Affaires from his car in west Beirut.

Dutch action

A work-to-rule by ships' pilots to support a pay claim for irregular hours disrupted shipping at the Dutch ports of Rotterdam, Amsterdam and Vlissingen.

Newspaper censored

Nicaragua's opposition daily La Prensa failed to appear because the Government censored articles protesting against a decree that airline tickets have to be purchased in dollars.

Lagos sentences

Nigerian head of state Maj Gen Muhammadu Buhari confirmed jail sentences imposed on seven people for currency offences.

Anti-terrorist law

A Spanish anti-terrorist law enabling police to detain suspects without charges for up to 10 days has come into operation.

Lucky strike

Striking UK miner Glyn Deere, without pay since Britain's coal strike began nine months ago, received a £127,500 ($145,350) football pools win.

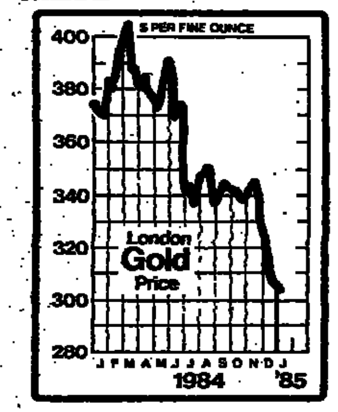
BUSINESS

U.S. car output up 14% in 1984

U.S. MOTOR industry built more than 7.6m cars in 1984, a gain of 14 per cent over its 1983 output and the largest volume since 1979. **Page 16**

WALL STREET: The Dow Jones industrial average closed down 9.05 at 1,189.82. **Section II**

LONDON equities fell back amid concern about the outlook for interest rates. The FT Ordinary share index ended 11.7 lower at 928.7. Gilts recovered some of their early falls. **Section II**



GOLD briefly dipped below $300 a fine ounce in London for the first time since June 1982, influenced by the overnight fall in New York and the dollar's early strength. The morning fixing of $299.5 was the day's worst, however, and gold rallied to close at $303.5, still $2 down on the day. It was also lower in Zurich at $303.75. In New York the Comex February settlement was $303.20. **Page 28**

DOLLAR showed mixed changes in London, falling to DM 3.1615 (DM 3.173) and FFr 9.6825 (FFr 9.705). It improved, however, to SwFr 2.621 (SwFr 2.617) and Y252.40 (Y251.75). On Bank of England figures the dollar's trade-weighted index fell to 145.5 from 145.7. In New York it was DM 3.154, SwFr 2.614, FFr 9.660 and Y252.20. **Page 29**

STERLING was slightly firmer in London, rising 20 points to $1.1505. It also improved to FFr 11.1675 (FFr 11.16), SwFr 3.015 (SwFr 3.005) and Y290.5 (Y289.0). It was slightly lower, however, at DM 3.64 (DM 3.645). The pound's exchange rate index rose to 72.8 from 72.5. In New York it was $1.152. **Page 29**

HONG KONG Government said it would prosecute individuals found to have offered financial favours in return for loans from Bank Bumiputra BHD, the leading Malaysian bank at the centre of a financial scandal. **Page 30**

EEC'S ANNUAL inflation rate fell to 6.5 per cent in November, the lowest since before the 1973 oil crisis.

THE PRICE of shares in Denmark's three biggest commercial banks fell by between 12 and 17 per cent as the problems associated with the banks' attempt to solve the troubles of Kronebanken, the seventh largest, mounted.

THE MONETARY Authority of Singapore, the country's quasi-central bank, plans to change regulations affecting financial futures trading, the securities industry and merchant banks. **Page 30**

ELECTRICIDADE DE PORTUGAL is raising NKr 200m through a seven-year credit in domestic Norwegian currency, believed to be the first such deal since the market was liberalised last month. **Page 30**

WESTERN oil companies have run down their stocks to the lowest levels in a decade in expectation of a further price fall, but the need to restock could push prices up again.

IRISH REPUBLIC is giving oil companies another four months to decide whether to apply for oil exploration drilling rights in the third round of offshore licensing bids.

Israel airlifts famine-stricken Ethiopian Jews

BY OUR TEL AVIV CORRESPONDENT

THE ISRAELI Government yesterday confirmed that it had succeeded in airlifting more than 10,000 black Falasha Jews from famine-stricken Ethiopia to Israel.

Efforts to assist Falasha emigration to Israel began several years ago and had met with periodic resistance from the Marxist Government in Ethiopia.

The operation was given emergency priority last November in a bid to save the ancient Falasha community from the ravages of famine.

Until yesterday the Israeli authorities censored all reports of the airlift for fear of sabotaging it. They are still refusing to disclose details of the operation, but Mr Jehuda Dominitz of the Jewish Agency's Immigration Department said the majority of the estimated 25,000-strong community had reached Israel.

Special wards have been set up at hospitals in Jerusalem and Haifa to handle the malnutrition cases, many of them young children, and to treat Falashas suffering from tuberculosis and tropical disease.

An Israeli radio reporter who saw one of the aircraft arrive described how barefoot Falashas (the Ethiopian word for strangers) clung to cans of water in case Israel, like Ethiopia, was gripped by drought.

The evacuation point is not being disclosed. Israel and Ethiopia have not had diplomatic relations since a successful Marxist coup in 1974, but behind-the-scenes contacts are known to have continued.

Uncertainty still surrounds the origins of the Falashas, who live in mud huts in the Gondar region of north Ethiopia, and are reputed to be descended from one of the biblical wandering tribes of Israel.

Falashas were finally accepted as full Jews by Israel's rabbis a decade ago after years of debate.

The airlift, principally funded by Israel and American Jewry, is understood to have been launched by former Prime Minister Menachem Begin

Mr Akiva Levinsky, of the World Zionist Organisation, told reporters yesterday that it would cost about $25,000 to settle each Falasha in Israel.

On arrival many are taken to an absorption centre in the coastal city of Ashkelon. Some have already adapted to the point where they are able to serve in Israeli army combat units.

Jews leave Ethiopia, Page 3

HK approval for nuclear power plant

BY DAVID DODWELL IN HONG KONG

THE HONG KONG Government has cleared the way for the construction of a $4bn nuclear power project to be built on Daya Bay in the adjoining Chinese province of Guangdong.

The Hong Kong-Guangdong joint venture, which was expected to get under way six months ago, cleared its final hurdle when the colony's Executive Council decided it had no objections to the project.

The Council also approved plans for the project's joint venture partner, the Hong Kong Nuclear Investment Company (HKNIC), to buy power from the 1,800 MW plant it is to build in co-operation with the Guangdong Nuclear Investment Company.

The breakthrough comes soon after Britain and China reached agreement over the return of Hong Kong to Chinese sovereignty when Britain's lease on the territory runs out in 1997.

Barring any last-minute hitches, HKNIC and Guangdong Nuclear will formally sign the joint venture in Peking on January 17. The project is set for completion by 1991.

Once that is done, GEC of the UK can be expected to be awarded the contract to supply two 900 MW turbine generators and outgoing switchgear. Framatome of France will build pressurised water nuclear reactors, and Electricité de France will be expected to win the contract for overall engineering design of the plant.

The Council's decision to approve the purchase of power from Daya Bay will come as a relief to Peking authorities since China intends to pay for the plant out of funds raised through the sale of energy to Hong Kong.

Early delays in negotiation of the contracts were understood to be due to the unfamiliarity of Chinese bureaucrats with the technical complexities of building a nuclear plant, and to difficulties in reaching agreement on how the project should be financed.

Most recently, however, delay has been the result of dissent in Hong Kong over the pricing of electricity to be bought from Daya Bay and on political worries over the safety of a plant only 50 miles from Hong Kong.

The Guangdong Nuclear Investment Corporation will hold a 75 per cent equity stake in the joint venture company, while the HKNIC – whose sole investor at the moment is China Light and Power, Hong Kong's leading electricity supply company – will have a 25 per cent stake.

The joint venture will have equity of HK$3.6bn ($460m) of which HKNIC will put up HK$900m. Its Guangdong partner will contribute land, labour and materials in exchange for its equity stake.

Supplier credits for building the plant will come from Britain's Export Credit Guarantee Department (ECGD) and its French counterpart, Coface. Outstanding foreign exchange costs – amounting to more than U.S.$1bn – will be met by selling electricity to Hong Kong, and through loans syndicated in Hong Kong by the Bank of China.

HKNIC has made commitments to take 70 per cent of the plant's output. When it is commissioned, in about 1991, this will amount to about 15 per cent of Hong Kong's daily power needs.

Lex, Page 16

£ steadier amid rate rise fears

By Max Wilkinson, Economics Correspondent, in London

THE POUND steadied on the foreign exchange markets yesterday, but money market interest rates continued to rise amid a general nervousness that banks would be forced to raise their base lending rates.

The Bank of England signalled fairly clearly in its money market dealings, however, that the authorities do not want a rise in base rates if it could be avoided.

The official view still seems to be that inflation and monetary growth are broadly under control, but this seems to be tempered by some anxiety about what the December money supply figures will show next Tuesday.

The very sharp rise in the money supply for November was attributed to distortions from the British Telecom flotation, but London financial institutions might be less happy if a sharp rise in December had to be explained away.

In New York sterling held its earlier gains in Europe as the dollar paused in its recent sharp rally to close marginally lower against other leading currencies. It was $1.152, while the dollar slipped to DM 3.154, FFr 9.6600 and Y252.20.

In money markets the fed funds rate dropped to 8¾ per cent after the Fed intervened to supply reserves. Other U.S. short-term interest rates were unchanged to marginally lower. The lower funds rate and mixed signals on the economy helped the Treasury long bond to recoup some of its sharp price losses on Wednesday and close almost a full point higher at 101 7/32.

After a nervous opening yesterday the London financial markets seemed to have recovered some of their composure. Sterling, after some initial weakening, rose in the afternoon so that the sterling index finished the day at 72.8 (1975=100).

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Stock markets, Section II; Money markets, Page 29

U.S. vows tough but flexible line at arms talks

BY STEWART FLEMING IN WASHINGTON

THE U.S. will be taking a tough but flexible line in the arms control talks in Geneva on Monday between Mr George Shultz, U.S. Secretary of State, and Mr Andrei Gromyko, Soviet Foreign Secretary, a Reagan Administration official indicated yesterday.

In a briefing for reporters on the meeting, which could herald the most wide-ranging arms talks between the superpowers since the early 1970s, he firmly denied, however, that the so-called "star wars" Strategic Defence Initiative (SDI) would be merely a U.S. bargaining chip at the talks.

He also hinted strongly that the U.S. would not shy away from raising potentially explosive issues such as the alleged Soviet violations of existing arms control treaties.

The official was questioned about comments by Mr Richard Perle, the Assistant Secretary of Defence in an article in the Washington Post on Wednesday which appeared to throw into question the Administration's commitment to arms control negotiations. The official firmly disassociated President Reagan from Mr Perle's views.

In the article, Mr Perle, who has been seen as the most effective and influential opponent of arms control negotiations, said: "The sense that we and the Russians could compose our differences, reduce them to treaty constraints, enter into agreements and treaties reflecting a set of constraints and then rely on compliance to produce a safer world – I do not agree with any of that."

The official said that President Reagan deeply believed it was essential that the U.S. negotiated with the Soviet Union to try to get arrangements to preserve a stable balance of forces and that that could be done. "Richard's views are his own," he said.

Questioned about U.S. goals in Geneva on Monday and Tuesday, the official said that the U.S. was hoping to come to terms on procedures that would set the stage for more formal arms control talks. He stressed that the U.S. was determined that offensive nuclear weapons and defensive weapons, including but not limited to, space-based weapons designed to shoot down nuclear ballistic missiles, would be presented by the U.S.

He accused the Soviet Union of being "disingenuous" in asserting that the U.S. was moving towards the militarisation of space because "defensive systems are a very well established Soviet priority."

"The President is personally committed to discussing defensive systems," he said.

Earlier Mr Robert McFarlane, President Reagan's National Security Adviser, in a formal statement, had sought again to dispel exaggerated hopes about Monday's talks – expectations which the Administration fears will increase the pressure on it to demonstrate quick progress and to make some early concessions.

He described the talks as only "the beginning of a long and complicated process" of arms control negotiations aimed at securing an equitable and verifiable reduction in nuclear arms.

The official questioned about why the U.S. was optimistic about the talks and whether there had been contacts with the Soviet Union which gave cause for optimism, said that since Thanksgiving Day (November 22) last year there had been the "normal diplomatic exchanges." He refused to characterise or describe them, however.

Soviet cruise incursion played down, Page 2; Star wars puzzle, Page 4.

Chinese reform plans gather momentum

By Colina McDougall in Peking

CHINA HAS bounced into 1985 with a series of reforms in agriculture, industry, wages, housing and the army planned for the coming 12 months.

The country has already liberalised its farming sector, opened up foreign trade, reformed its bureaucracy and begun a major party clean up. Now Deng Xiaoping, China's leader, is pressing on with a package of measures to quadruple output by the year 2000.

The latest to be announced is a far reaching reform in state purchase of farm produce. Agriculture has already been much changed since 1979 by the gradual abolition of the communes and the institution of a near private farming system. These new freedoms have so successfully spurred production that, as Premier Zhao Ziyang announced at the new year, compulsory state purchase of important crops (he did not specify which) will be scrapped in 1985.

The state will retain its central role in setting agricultural prices, *but will allow private grain sales.* Market forces will gradually play a stronger part in fixing supply and prices. "This is what we had hoped but dared not do for many years" said Zhao. "Now we are able to do it as conditions are ripe."

As vital and probably more difficult are the industrial reforms, due to start this month. Announced in outline last October, China is to give up rigid Soviet-style central planning, allowing about half the present list of state-controlled commodities to be freely marketed.

At the same time factory managers now must make profits, pay taxes, *reward the capable and dismiss the lazy.*

The success of these industrial reforms rests primarily on China's ability to rationalise its price structure. Since the 1950s, basi commodities like coal have been heavily subsidised and these payments plus agricultural subsidies paid since 1979 now take up about one third of the budget.

Also in 1985 the wage system is to be overhauled to cope with the price changes and to ensure that the able are suitably rewarded. Premier Zhao promised that the long discussed changes in pay for teachers and other workers would take place this year.

Under this new system, a Chinese official visiting Britain explained, managers will be able to offer higher pay to workers they want to keep. With this rise, plus bonuses for good work and long service, he

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Slower rate of increase in UK unemployment signalled

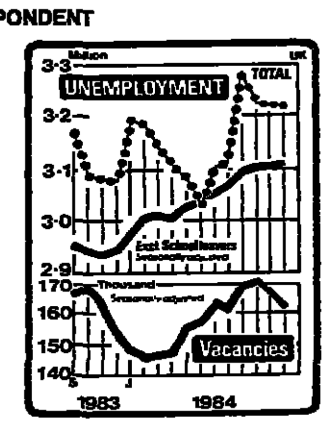
BY OUR ECONOMICS CORRESPONDENT

THE NUMBER of unemployed people in Britain, including school-leavers, fell by 3,000 in December with indications that the underlying trend might be improving.

Figures from the UK Department of Employment showed that the total number of unemployed, including school-leavers, was 3.22m. After substracting the 111,000 school-leavers without jobs and adjusting for the normal seasonal movement, the total was 3.11m, however.

The adjusted total was 5,600 higher than the revised figure for November, but there is an indication that the rate of increase has been slowing since the summer.

In the last three months of 1984 the average monthly rise in adult unemployment was 3,600 – less than half the average for any three-month period in 1984. That rate of increase compared with 9,200 a month for the three months to November and was much less than the figures of about 20,000 per month recorded in the first and third quarters of the year.



This indication of an improved trend was given a cautious welcome by Mr Tom King, Britain's Employment Secretary.

"The year ends on a slightly better note," he said, adding that although the stock of reported vacancies fell in the final quarter, the flow of new vacancies into Jobcentres, at a rate of 214,000 per month, was the highest for four years.

Mr King's cautious tone was clearly influenced by the fact that falls in unemployment at the end of 1983 generated a mood of optimism among ministers which was seriously reversed last year. By midsummer it even seemed as if unemployment might be accelerating again. That fear seems to have subsided, although there is no sign yet of a falling trend.

One slightly encouraging fact, however, is that some of the UK regions with the largest proportion of workers unemployed have recorded small falls in the total unemployed in December. These regions included Scotland, Northern Ireland and the north of England.

England's south-east, however, which has the lowest unemployment rate, suffered the largest rise in unemployment. The rise of 3,100 for the south-east was more than that for all the other regions together.

The improved general picture in

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CONTENTS

EUROPEAN NEWS

All change as European Commission old guard is replaced

BY PAUL CHEESERIGHT IN BRUSSELS

THE European Commission comes under new management on Sunday. M Jacques Delors *walks into Brussels at the head* of a relatively inexperienced team of 14, both the victim and the beneficiary of a comprehenshive cleanout of the Commission old guard.

Victim, because the Community he will have to manage is a delicate mechanism unwillingly coming to terms with change. More men versed in Brussels politics may be needed to oil the motor.

Beneficiary, because the old Commission faded away in a blur of its own indistinction. Too much bandaging at successive summits has meant that *the Community needs new* managers.

Four of M Delor's Commission have had previous experience there—Messrs Andriessen, Cheysson, Narjes and Natali. But the mix of appointments is much the same as it has always been.

Few national capitals have consistently obeyed the edict of the Treaty of Rome to choose commissioners for "their general competence" and "indisputable independence." So there is a range spanning the genuinely distinguished through the potentially powerful to the never-has-beens.

Some will have influence, some will not. The heterogenous collection means that the collegiate influence will depend much on M Delors himself. By virtue of his national power he starts off with the same advantages as Mr Roy Jenkins had eight years ago and few of the disadvantages of M Gaston Thorn four years ago. A strong background in a major EEC country counts.

It is doubtful whether the new Commission is going to waste much time in seeking to evoke the sort of Community spirit which, if it ever existed, churns up contrary feelings in places as diverse as the Quai d'Orsay, the Danish Parliament and the British Labour Party. The EEC, to be real, has to convey obvious benefits.

M Delors is likely to demand carefully formulated proposals based on political realities and to work towards closer integration based not on getures but on myriad small, often highly technical activities.

There probably will be extra stress on spreading the use of the European Currency Unit and marshalling European scientific effort, for example.

Immediately, however, the pressing problems are helping to sort out the budget imbroglio—Parliament's enjoyment of its own power has meant there is, so far, no 1985 budget and concluding the enlargement negotiations with Spain and Portugal.

After that there could be a period of relative stability before the Commission redistributes portfolios again to find jobs for new appointments from Madrid and Lisbon.

Will the Community be swamped by the problems which enlargement will bring in its wake? Will it be able to rediscover that political purpose and economic direction needed to keep up with the U.S. and Japan? M Delors and his colleagues cannot alone solve these and other problems, but without a strong and effective Commission the Community will not even begin to find the answers.

The new Commissioners and their jobs are as follows: Jacques Delors (France) President, monetary affairs, legal service, co-ordination of EEC funds; Franciscus Andriessen (Netherlands) Agriculture, fisheries; Claude Cheysson (France) Mediterranean policy, North South relations; Henning Christophersen (Denmark) Budget, financial control, personnel; Lord Cockfield (UK) Internal market, taxation, customs union, financial institutions; Stanley Clinton Davis (UK) Environment, forests, transport; Willy De Clercq (Belgium) External relations, trade; Nicolas Mosar (Luxembourg) Energy, Euratom; Karl-Heinz Narjes (West Germany) Industry, information technology, research and science; Lorenzo Natali (Italy) Development, enlargement; Alois Pfeiffer (West Germany) Economic Affairs, employment, credit and investment; Carlo Ripa di Meana (Italy) Institutional questions, Peoples Europe, information, culture, tourism; Peter Sutherland (Ireland) Competition, social affairs; Grigoris Varfis (Greece) Regional policy, relations with Parliament.

Netherlands

FRANCISCUS ANDRIESSEN, 55, is the latest in a line of Dutch agriculture commissioners, who will take on fish as well. His first job will be to manage farm spending without a total budget. His second will be to come forward with some price proposals in a newly stringent atmosphere.

He will be helped by the fact that he knows his way around the Brussels labyrinth, just having completed a spell as competition commissioner. There he favoured a political as well as a legal approach, which both opened up the competition department to lobbying and tied competition more closely to industrial policy.

Known for his affability, he trained in law, worked at the Catholic Institute for Housing and set off on a political career in the late 1950s. He is one of the bevy of former finance ministers at the new Commission.

France

JACQUES DELORS, 59, (left), has credibility. When President Francois Mitterrand made clear he was prepared to send his Finance Minister to Brussels, the Presidency of the Commission was his for the taking. He is the man who made France look financially respectable when the Mitterrand Government hit the doldrums.

The former central banker will eschew the politically grandiose gesture in favour of making the EEC work and, at least for a honeymoon period, he has the weight to make his influence felt in national capitals.

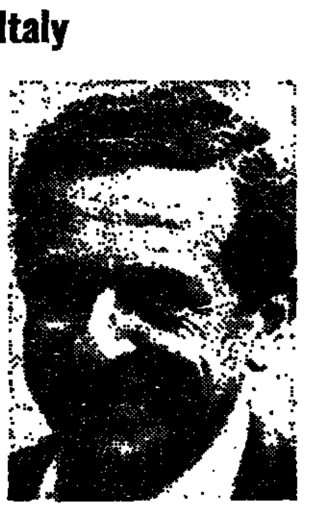
His main achievement so far is to arrange the disposal of portfolios in the Commission peaceably.

He has signalled his own intentions by keeping, unusually, the monetary affairs portfolio, splitting it from economic affairs. It is clear that he will be pushing for the strengthening of the European Monetary System.

CLAUDE CHEYSSON, 64 (right), has a very correct French background—Free French Army during the Second World War and the Ecole Nationale d'Administration after it. Much of his career has been spent dealing with the Third World.

Characterised by a brutal frankness of expression, or a tendency to make gaffes depending on the view, he comes back to the Commission after a surreptitious self-advertising campaign.

Italy



CARLO RIPA DI MEANA, 55 (above) was once a journalist. These days he is better known as a member of the Rome jet set and the husband of a wife who writes racy memoirs. He has been a member of the European Parliament for five years.

Once a member of the Communist Party, he joined the Italian Socialists in 1958 and first held regional elected office in 1970. He has been on the board of La Scala, Milan, a good place to learn political intrigue, and he was chairman of the Venice Biennale for five years in the 1970s.

His new job is concerned with nstitutional questions—he concentrated on European integration in the Parliament—and less controversial areas like information, culture, tourism and Citizens Europe.

LORENZO NATALI, 62, is working his way through Commission portfolios just as he worked his way through Italian Government departments before he came to Brussels in 1977. He starts his third term as commissioner in charge of development co-operation with the *Third World and the enlargement* negotiations.

The Christian Democrat from Abruzzi was connected with the Greek accession negotiations and he has been charged with those concerning Spain and Portugal since the beginning. So there is an element of continuity in his work.

During his time in Brussels he has also been concerned with Mediterranean policy, pollution and information, a balance to his work in Italian politics when he was variously Minister of Public Works, the Navy, Toursim and Finance.

Luxembourg

NICOLAS MOSAR, 57, is a Luxembourg lawyer with 25 years of experience in senior party political positions but with little executive experience. From the outset he has been with the Social Christians, who have been in government for 55 of the last 60 years.

He cut his political teeth in the youth movement, became secretary general of the party but, unfortunately for him, was president just before the party gave its worst electoral showing in the past 30 years.

He has been in the Luxembourg Parliament since 1964 and his main experience outside the country has been as leader of the national delegation to the North Atlantic Assembly.

Now he picks up the energy portfolio and takes charge of Euratom, the EEC nuclear agency. He may find the job thankless. Key decisions are taken nationally or in the International Energy Agency.

Denmark

HENNING CHRISTOPHERSEN, 45, would have been president of the new Commission if the Danish Government had had its way. Instead he will have to be content with the Community budget, which promises him a difficult few months as there isn't one for 1985. He will also deal with financial controls and personnel.

He has the chance to practise the economics he learnt at Copenhagen University and about which he once wrote for Danish periodicals. But most of his time has been in politics.

First elected to the Folketing in 1971, he made it to the top of the Liberal Party in the late 1970s and has since been Foreign Minister, Finance Minister and Deputy Prime Minister. He is one of the few members of the new Commission who can still look forward to a domestic political future once he has finished in *Brussels.*

Ireland

PETER SUTHERLAND (above) is the youngest member of the new Commission. At 38, he takes over the area of Commission activity least dependent on political consensus—competition policy—and the area most jealously guarded by national governments—social affairs.

One of the most brilliant advocates of the Irish bar, he has been latterly a controversial Attorney General, especially over his constitutional approach to abortion. His new *appointment takes him out of* a row on divorce.

He is a close associate of Garret Fitzgerald, the current Prime Minister, and drafted in 1981 an election-winning manifesto for Fine Gael. His European experience has been *confined to legal policy* and handling Irish cases at the European Court of Justice.

Belgium

WILLY DE CLERCQ, 57, has been in and out of Belgian governments for the past 25 years, always working in positions to do with money. Latterly he has been Finance Minister and Deputy Prime Minister—a position he also held in the 1960s.

He has been a leading figure in the Flemish Liberal Party since the 1950s. Although trained as a lawyer, he has spent most of his time in politics, and is thus tarred by the cynical brush with which *Belgians paint their politicians.*

A recent opinion poll gave him high marks for experience, charm, competence and intelligence but lower marks for independence, honesty, courage and defending the Flemish community.

In what will probably be his last job, he will handle external relations with the developed world, no doubt giving him the opportunity of meeting the chums he made as chairman of the IMF interim committee, and trade policy.

Greece

GRIGORIS VARFIS, 57, is coming to his natural political home. He has been flitting in and out of Brussels for the last decade: he prepared the Greek position for the accession negotiations but resigned in disagreement on the way the talks were conducted.

The EEC has been the cause of his rise and fall in Greek politics. For long an adviser to Andreas Papandreou, the Socialist Prime Minister, on EEC affairs, he won his reward by taking the ministerial portfolio in 1981. But the failure of the Athens summit floored him politically in December 1983.

He lost his job last January but comes back into the EEC political mainstream with responsibility for regional policy and parliamentary liaison.

United Kingdom

LORD COCKFIELD, 68 (below), is Mrs Thatchers' free market answer to President Mitterrand's Socialist choice of Jacques Delors. He is the life peer who made his bureaucratic name at the Inland Revenue, his *business name at Boots and* his public reputation at the Price Commission. His political apogee came when he was Secretary of State for Trade in 1982-83.

Known to insiders for his razor-like mind and an inability to suffer fools gladly, he has no political base, so does not leave a gaping hole in the British Conservative Party. But he carries its ideals into his new post where he will seek to free the EEC internal market, occupy himself with tax policy, watch the financial institutions and run the customs union.

STANLEY CLINTON DAVIS, 56, is coming in out of the political cold. Brussels gains what the Labour Party of Hackney Central, London, decided it did not want in 1983—a legally-trained mind honed by junior ministerial experience.

Scarcely a passionate advocate of the EEC, he obtained his job almost by default. The Labour Party would have been content to leave his predecessor, Ivor Richard, at the Commission.

His executive experience was at the Department of Trade. Now he picks up different but delicate concerns which will probably give him an influence his background in other circumstances would have denied him: environment, with an immediate row about vehicle emissions, forests and transport, one of the areas where the Community has conspicuously failed to act until recently.

West Germany

KARL-HEINZ NARJES, 60 (above), is moving from one Commission hotbed to another. He moves out of the internal market and the environment and into industrial affairs—watching the travails of the traditional, like steel and shipbuilding and assisting the birthpangs of the new, like information technology, while taking in EEC research activities.

The old Second World War submariner came to Brussels in 1981 after a decade in the Bundestag in Bonn. Before that he had been a minister in Schleswig-Holstein, a bureaucrat in Brussels and a diplomat.

He has the impeccable EEC qualification of having worked for Dr Walter Hallstein, one of the founding fathers, first president of the Commission and leading ideologue of European integration. Like his mentor and like his predecessor at industry, Viscount Etienne Davignon, he will now be rarely out of the news.

ALOIS PFEIFFER, 60 (below) is literally a backwoodsman. He was a forester before the Second World War after which he put himself through university before joining the Horticultural, Agricultural and Forestry Workers Union.

As he rose through the German trade union movement, he spread his wings internationally, sitting on the EEC's only body where trade unionists and employers meet across the table—the Economic and Social Committee—becoming president of the European Agricultural Workers

But he also sits on boards, so his approach to economic affairs and employment—his new jobs in Brussels—will be tempered by inner knowledge of the workings of big business. He also has responsibility for credit, investment

Gibraltar border to open

BY OUR MADRID CORRESPONDENT

SPAIN IS to open its frontier with Gibraltar on February 5, the date set for ministerial talks in Switzerland on the sovereignty of the British colony, a Spanish Foreign Ministry spokesman said.

Barring a last-minute hitch, free movement of people, goods and vehicles would be allowed across the border from February 5, he said. Local authorities on both sides plan to meet next week to discuss the practical implications of the opening.

Spain said it would lift border restrictions on the 2.25 square mile colony before February 15 after a breakthrough at a meeting in Brussels last November when Britain agreed formally to discuss the sovereignty question. Sir Geoffrey Howe, Britain's Foreign Minister, and his Spanish counterpart, Sr Fernando Moran, are due to meet in Geneva on February 5 and 6.

The border opening will end a blockade imposed in 1969 by the late dictator Gen Francisco Franco, who regarded the territory, captured by the British in 1704, as an affront to Spanish pride.

Lambsdorff trial delayed

By Peter Bruce in Bonn

THE TRIAL on bribery and probably tax evasion charges of Count Otto Lambsdorff, the former West German Economics Minister, scheduled to begin next Thursday, has been postponed by the Bonn Regional Court.

Court Lambsdorff's party, the Free Democrats (FDP), junior partners in the governing West German coalition, immediately denounced the move as politically inspired.

Count Lambsdorff, who was charged with bribery in November 1983, was Finance Minister in North Rhine Westphalia until 1978. Investigators in the state are about to bring tax evasion charges against him.

The Bonn court did not say when the trial would start, although it said the delay had been caused by the placing of tax evasion charges against one of Count Lambsdorff's co-defendants.

Nato plays down Soviet cruise incursion

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE NATO alliance yesterday *sought to play down the significance* of the incursion into Norway and Finland a week ago of a Soviet tactical cruise missile.

Norway, a member of Nato, said yesterday that it believed the flight of the missile over 25kms of its most northerly territory near the Soviet border was the result of an accident. The missile overflew Norway and apparently crashed in the *remote Lake Innari in Finland.* Though the flight incident happened a week ago today, Norway only announced it late on Wednesday.

*A Norwegian military spokes*man said yesterday that the missile was assumed to have been fired by a Soviet ship in the Barents Sea and went out of control, flying inland by accident.

A brief statement from the Finnish Government confirmed that a fast flying object had violated Finnish airspace but in clear deference to its powerful Soviet neighbour, omitted to *confirm whether the object was* Russian or even a missile.

Last night, a Pentagon spokesman agreed with the Norwegian theory that the missile had mal*functioned. He dismissed specu*lation that its flight could have been a deliberate provocation by Moscow in advance of the preliminary talks on arms control which Mr George Shultz and Mr Andrei Gromyko, the U.S. and Soviet foreign secretaries, will hold in Geneva early next week.

In Brussels, a Nato spokesman said that the alliance viewed any violation of allied airspace by the Soviet Union as a matter of serious concern. A Nato statement noted that Norway was expected to make a formal protest about the incident to Moscow.

However, there was a clear determination in Brussels as in allied capitals yesterday that the incident should not be allowed to undermine the Shultz-Gromyko talks. The lack of comment from Moscow suggested a similar concern there.

Finnish border guards were reported to be searching the remote Lapland lake Innari area yesterday, hampered by snow and ice and limited day*light hours of an arctic winter.* It is expected that if anything is found of the missile, it will be returned to the Soviet Union, with which Finland has *some military treaty commitments.*

Nato and other allied defence officials yesterday remained puzzled by several aspects of the missile incident. There was unanimous agreement that it was a short range tactical missile and not carrying a warhead of any sort, though less clarity as to whether it was fired from a submarine or a surface ship. One theory was that the missile was actually a target drone, sent up to be destroyed by other surface-to-air shipboard missiles which then failed to hit it.

UK institute calls for 'genuine' common market

BY JOHN WYLES

BRITISH BUSINESS' growing enthusiasm for using the European Community as a vehicle for economic recovery has been vigorously stated by the Institute of Directors in a submission to the new European Commission which takes office tomorrow.

Warning the Commission that the next four years could see an irreversible shift in the centre of economic gravity towards the Pacific, the Institute urges it to set the end of 1988 as the target for achieving a genuine common market for goods, services and transport.

This is an "over-riding priority" shared by other employers organisations in the EEC, says the Institute in an expansive document reflecting, nonetheless, many of its own more *particular preoccupations.*

Thus, the Commission should avoid creating "an expensive and cumbersome common bureaucracy to hang as a millstone around the neck of enterprise." It should not allow enlargement nor talk of a new Treaty of Union to distract it from the task in hand of creating a genuine common market.

It should withdraw "irrelevant proposals for social engineering and structural harmonisation" and it should seek to use the economic power of the Community as an obstacle to protectionism in the world.

All the indications are that the British Government shares the Institute's belief that the removal of non-tariff barriers to trade in goods and services in the EEC would be a boon *both for British business* and the European economy.

Less certain is whether ministers would go all the way with the Institute in proposing the suspension of the right of national veto in the Council of Ministers on proposals "which are clearly designed only to develop the internal market."

The proposals the Institute has in mind would inspire "a dramatic acceleration" in the process of agreeing common product standards, the elimination of all frontier formalities in the EEC, open up public procurement contracts, including defence, to competitive tender within the Community and apply the Community's competition rules to air and road transport markets.

The Common Market: An Agenda for Jobs and Economic Growth. Institute of Directors. £4 95

Italy reduces discount rate

By James Buxton in Rome

ITALY LOWERED its official discount rate last night by one percentage point from 16.5 to 15.5 per cent. The move, announced by the Treasury on the advice of the Bank of Italy, showed the authority's confidence that the Italian economy has resumed moving in the desired direction.

The discount rate had been steadily falling since it reached a peak of 19 per cent in 1981. But last September the decline was abruptly interrupted on fears that monetary growth targets were being exceeded and that the balance of payments was in danger.

Last night the Treasury said that the September increase had had an effect in slowing down the rate of growth of deposits and bank advances. It said *that although not all the* grounds for concern about the money supply and the balance of payments that had been prevalent in the summer had disappeared, the fall in the inflation rate to 8.5 per cent in the past few months was encouraging, and said that interest rates on financial markets were falling.

Italy's discount rate is still far above those of most industrial countries and well in *excess of the inflation rate.*

Polish policeman says he did not mean to kill priest

A SECRET POLICE lieutenant testified yesterday that he never intended to kill Father Jerzy Popieluszko and said he was happy when an earlier attempt to kidnap the pro-Solidarity priest ended in failure, AP reports from Torun, Poland.

Lt Waldemar Chmielewski took the witness stand for a second day in the trial in which he and three other security *officers are charged in the* October abduction and slaying of Fr Popieluszko.

Lt Chmielewski, 29, who stuttered and appeared extremely nervous, fainted during a late afternoon break in the session. Doctors examined him and allowed him to continue testifying for an hour before the court adjourned for the day.

Lt Chmielewski spent much of his testimony *yesterday re*counting a failed attack on Fr Popieluszko six days before his abduction for which he and two of his co-defendants are charged with attempted murder by throwing stones at Fr Popieluszko's car as it returned to Warsaw from Gdansk.

He said the objective of throwing stones at the car was to cause an accident in order to kidnap the priest. "The point was to abduct the priest *and this was our only aim,"* Lt Chmielewski said.

Lt Chmielewski, 29, Lt Leszek Pekala, 32, and Capt Grzegorz Piotrowski, 33, are charged with kidnapping Fr Popieluszko on a highway near Torun the night of October 19 and beating the priest to death before dumping his bound and gagged body in a reservoir.

A fourth officer, Col Adam Pietruska, is charged with aiding and abetting his three subordinates. All four face possible death penalties if convicted.

Lt. Chmielewski said that after the failed attempt on Fr Popieluszko, Capt Piotrowski told the two lieutenants that "further actions" against the priest would be undertaken and instructed them to maintain a round-the-clock watch on his activities.

Fr Popieluszko, 37, was an outspoken defender of the outlawed Solidarity free trade union, and his killing sparked a major scandal in the Interior Ministry, which controls Poland's uniformed and plainclothes police forces.

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OVERSEAS NEWS

Opec sets date for talks to settle price detail

BY RICHARD JOHNS

A KEY Opec committee is to meet in Geneva or Vienna on January 18 in an attempt to work out in detail the exact prices for various grades of crude within the board parameters agreed at the last ministerial conference.

The committee on differentials, under the chairmanship Sheikh Ahmed Zaki Yamani, Saudi Arabian Minister of Oil, is likely to gather amidst increased scepticism about Open's ability to maintain a price structure which has only undergon slight modifications.

It has been expanded to include chief delegates of Algeria, Kuwait, Nigeria, Qatar, as well as those of the United Arab Emirates and Libya, whe were members of the original three-man team.

Wider representation should on the face of it marginally increase the chances of Opec fine-tuning a reasonably effective set of price relativities, but there could be considerable scope for argument.

Under the compromise hurriedly reached on December 30, exact differentials for the several dozen crude varieties produced by the 13 members were not defined against the new rates for Arabian Heavy, up 50 cents to $26.50 per barrel, and Arabian Medium, up 25 cents to $27.65.

At the higher end of the scale, there could be even more confusion and discension over the decision to trim by 50 cents differentials for ultra-light crudes of a higher gravity than the Arabian Light reference—which remains unchanged at $29.

For instance, a 50 cent reduction for Abu Dhabi's 37 degree API gravity Umm Shaif crude, priced at $29.36 per barrel, and its 40 degree API gravity Zakum, hitherto set at $29.46, would bring them down below the reference.

In these circumstances, there are likely to be growing misgivings within Opec that agreement was not reached on a Kuwaiti proposal for a "temporary discount" for Arabian Light of 50 cents.

On this basis the system of differentials discussed would have left the weighted and average price for Opec crudes of $28.20 only about 16 cents per barrel lower.

Sheikh Yamani indicated after the meeting that Saudi Arabia would have been amenable to such an adjustment but other members regarded the reference as sacrosanct. In the event, the changes originally proposed by Saudi Arabia were adopted.

Howe begins first official tour of African countries

BY OUR FOREIGN STAFF

SIR GEOFFREY HOWE, the Foreign Secretary, leaves London today for a 10-day tour of three African countries, his first visit as Foreign Secretary to Africa.

Sir Geoffrey is due to visit Zimbabawe, Zambia and Kenya. There is no indication that he will alter his itinerary to visit Angola, where a number of Britons are being held captive by the Unita guerrilla movement of Dr Jonas Savimbi.

The Government is maintaining contact with Unita representatives in London and New York and has asked the International Red Cross and the South African Government to help secure their release. Foreign Office officials said last night it was still unclear how many British captives had been taken.

Officials said Sir Geoffrey would be exchanging views with Presidents Kenneth Kaunda of Zambia and Daniel arap Moi of Kenya and Prime Minister Robert Mugabe of Zimbabwe on a number of regional issues during his visit, including the state of negotiations on securing independence for Namibia.

He was not expected to launch any major new British initiative on the problems of southern Africa during this visit.

Gandhi sets up Punjab team

By John Elliott in New Delhi

A CABINET committee of three senior ministers has been appointed by Mr Rajiv Gandhi, the Indian Prime Minister, to find a solution to the Punjab problem which lies behind several years of Sikh extremist violence.

This is one of the first committees formed by Mr Gandhi since the election and shows that he recognises the urgent need to try to solve the Punjab unrest before a fresh wave of violence is unleashed.

The three ministers appointed are Mr S. B. Chavan, who held planning and defence minister posts and is now Home Minister, Mr P. V. Narasimha Rao, former External Affairs and Home Minister who is now Defence Minister and the most senior member of the Cabinet after Mr Gandhi, and Mr K. C. Pant, who has had various ministerial posts and has headed the country's energy industry.

Mr Chavan and Mr Narasimha Rao emerged this week as key figures in the new Government. On Wednesday Mr Gandhi appointed them, along with Mr V. P. Singh, the new Finance Minister, to be members of the Government's important Cabinet committee on political affairs.

The first task of the Punjab committee will be to test opinion in the state and discover which leaders would be broadly acceptable to Sikh factions as negotiators.

They then have to decide how to frame economic, political and religious concessions that will command enough support in the Punjab to remove public sympathy from the extremists, without upsetting Hindus and other states.

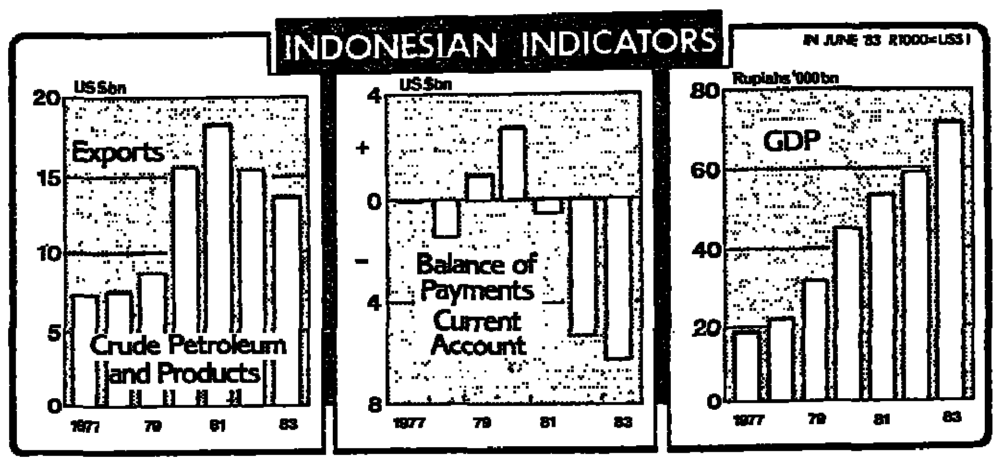
Nearly 3,000 people were killed last year because of the Sikh unrest.

Mr Gandhi has also started to take charge of the wide range of ministries over which he is to retain personal control.

● Citing an obscure provision in Texas law, a group of lawyers filed a $50bn (£34.48m) suit on Wednesday against Union Carbide on behalf of the victims of the gas disaster in Bhopal, India, AP reports from Beaumont.

Kieran Cooke in Jakarta looks at the economy in advance of next week's budget

Indonesian take-off awaits higher oil revenue



WITH the approach of next Monday's budget in Indonesia, the country's planners can look with some satisfaction at the overall state of the economy.

Despite Opec-enforced cuts in oil production—Indonesia is Asia's biggest oil exporter and oil accounts for more than 60 per cent of export revenues—the economy has in some respects shown remarkable resilience.

International financial confidence in what is one of the most centrally controlled and conservatively run economies in the developing world remains high. But, on the domestic front, there are problems which increasingly threaten the ambitious development strategy of the Government of President Suharto with its promise to Indonesia's 160m people of economic "take off" in the 1990s.

Economic growth in 1984 is estimated to have been 4.6 per cent, slightly below Government targets but marginally better than in 1983. Declining revenues from crude oil exports have been made up by substantial gains in earning from exports of petroleum products and natural gas. Non-oil exports, especially agricultural commodities, have shown considerable growth, increasing more than 14 per cent in value terms.

Also, for the first time, the country became self sufficient in rice with production of more than 25m tons—a dramatic turnaround from only a few years ago when Indonesia was the world's biggest rice importer.

The current account of the balance of payments is predicted to record a slight surplus by the end of the financial year, inflation is officially put at less than 10 per cent, foreign reserves stand at a healthy $5.7bn (£4.9bn) and foreign debt of more than $20bn has been kept within internationally recognised limits.

Set against this generally rosy picture are several adverse factors: Perhaps the most crucial concerns the Opec cuts. Analysts feel that, in the short term, Indonesia is able to withstand an estimated decline in its revenues of up to $100m a month brought on by the cuts. However, if the situation continues for more than six months, then there could be severe problems.

Many sectors of the domestic economy are already in the doldrums. Incomes have risen by less than half a per cent in each of the last three years, compared with an average 7 per cent in the 1970s. There has been a severe fall in demand, with the manufacturing sector being particularly badly hit.

Demand in many areas, such as automotive products and electrical goods, has declined by nearly 50 per cent in the last year. Stringent import controls on raw materials have driven many companies out of business. Tight fiscal policies with interest rates of between 25 and 35 per cent on loans for working capital have also caused considerable hardship.

So far, the government has ignored pleas to stimulate the economy either by relaxing fiscal policies or bringing on-stream several major development projects rescheduled or postponed in mid-1983 following a big drop in oil revenues. Many complain that the Government is also delaying the disbursement of funds already allocated for projects.

Both domestic and foreign investment have dropped significantly: Against a Government target of $8bn of investment in 1984, only $2bn was approved up to September. Foreign investment slumped — from $2.5bn in 1983 to only $750m in the first nine months of 1984.

Uncertainty caused by a series of riots and bomb blasts in Jakarta in recent months has been one reason for the investment downturn. New tax laws have also caused confusion. Domestic investors are particularly wary of a VAT and sales tax on luxury goods which was due to come into force in mid-1984 but has now been postponed to early 1986. Strict laws about local ownership, bureaucracy and corruption, plus the general sluggishness of the domestic economy have persuaded many foreign investors to put their money elsewhere.

Many businessmen have also been dissuaded from investing by a growing trend toward monopoly in many sectors. One company now controls the sale of flour on the island of Java, which has a population of more than 90m. Another controls much of the lucrative palm oil processing business while another has cornered much of the cement market not only on Java but in other islands. Coincidentally all are controlled by Liem Sioe Liong, a Chinese-Indonesian tycoon said to have close connections to President Suharto. Such monopolies have tended to create a highly priced economy shielded behind protectionist barriers.

Corruption is another factor which has driven up prices. The Government has pledged itself to tackle these problems. Many feel that unless these issues are dealt with quickly, the Indonesian economy will never reach that point of take-off in the years ahead.

Jews leave Ethiopia rather than assimilate

BY MICHAEL HOLMAN

IT MUST be one of Africa's most incongruous synagogues, little more than a mud hut surmounted by the Star of David, set in the rolling hills a few miles beyond the historic north-western Ethiopian town of Gondar.

The synagogue is the heart of the tiny village of Wleka, with about 35 mud and wattle homes and barely 100 people, the majority of them frail and elderly.

The seats are rough-hewn and the windows unglazed, but listening to the centuries old, traditional service, conducted entirely in Hebrew, listeners could mistake it for Israel.

But the Rabbi, like his congregation, are black, members of the Falasha Jewish community of Ethiopia which claims an ancestry going back to the union of King Solomon and the Queen of Sheba.

By last year the scattered community numbered barely 25,000. It represents what one writer calls "a poignant example of tenacious resistance to assimilation."

For centuries they resisted expeditions mounted by successive Christian emperors of Ethiopia. By the end of the sixteenth century, however, they had lost much of their land and adopted the way of life followed to this day, living in small villages making pottery, metalwork and weaving.

In the early 1980s there were persistent reports that the Falashas (a word which means "wanderer" or "stranger") were coming under increasing harassment by the Marxist administration.

Jewish-run schools were said to have been closed and Jewish children banned from public schools.

Their plight aroused increasing concern in Israel and in the U.S. Taking advantage of a 1980 decision by Israeli scholars to accept the Falashas as Orthodox Jews, an increasing number of the community have emigrated to Israel.

Today more than 8,000 Ethiopian Jews have become Israeli citizens under the Law of Return, and volunteer organisations in the U.S., Canada and Israel have been conducting a vigorous but discreet campaign for several years aimed at persuading the Ethiopian authorities to permit the Falashas to emigrate.

But until yesterday's announcement that Israel has conducted what amounts to a major airlift of the community, emigration took place infrequently and by the handful.

The rabbi of Wleka village seemed resigned to the likelihood that the community would continue to dwindle.

Children are beginning to intermarry, however, while others are leaving their villages in search of work, and it is becoming harder to sustain the faith. Emigration, he thought, would hasten the decline.

His father had already left for Israel, and others would follow. They would miss Ethiopia, he said: "But after all, we are going home."

ANC frees six from Swazi jail

ARMED guerrillas of the African National Congress, South Africa's main opposition movement, staged raids on Swaziland jails on Wednesday to free ANC members, AP reports from Johannesburg.

A raid on the police station in Mbabane, the Swaziland capital, succeeded in freeing six prisoners, but attempts to free ANC men men held at three other jails in the country were thwarted, the Star Newspaper of Johannesburg said.

Last week Swaziland authorities announced they were rounding up remaining ANC members in the country after the government had blamed the ANC for the death of Mr Petros Shiba, the deputy police chief.

Swaziland announced in April it had signed a non-aggression pact with South Africa

AMERICAN NEWS

U.S. budget deficit overshadows issues facing Congress

BY NANCY DUNNE IN WASHINGTON

THE 99TH U.S. Congress convened yesterday to face a full agenda of controversial issues, all of which are overshadowed by the massive budget deficit.

Even as Congressmen appeared for the first day at pageants and parties, the White House seemed unsure about the extent of the deficit problem. One set of Administration officials put the deficit for fiscal 1985 at $218bn to rise each year until 1987 when it would peak at $240bn. Another White House estimate put the current year deficit at $205bn, peaking at $233bn in 1987.

Mr Robert Dole, the newly elected Senate majority leader, set the tone of the session on Wednesday by inviting economists to Capitol Hill to set the stage for "a major assault on Federal spending." For now, he seems willing to go along with the Administration's hopes of reducing the deficit to approximately $100bn by fiscal 1988 without increasing taxes.

Collision is certain between the Administration and the Democratic-controlled House over cuts in social spending programmes. The Republican majority in the Senate is not expected to be as amenable as in the first Reagan presidency to a wholesale destruction of popular domestic programmes, and it is likely to push for more defence cuts than the President has so far reluctantly supported.

The budget battle – centred on freezes and cuts – is expected to rage all year. But there are two early deadlines on foreign policy and defence issues and much unfinished business left over from the last contentious Congress.

Votes are due in late February and early March on releasing $21bn to produce the MX missile and $17m to continue aid for the "contras" fighting the Sandinista Government in Nicaragua.

The Senate still must decide on the nomination of Mr Edwin Meese III, White House Chief of Staff, as new Attorney General, and both Houses must deal with banking deregulations, immigration reform and civil rights legislation.

The Export Administration Act which governs the President's power over strategic trade, is expected to be reintroduced and passed in the next 90 days.

Major battles are also expected over the Administration's proposed cuts in farm programmes and legislation aimed at protecting the environment.

Quebec businesses may display signs in English

BY BERNARD SIMON IN TORONTO

THE QUEBEC Superior Court has ruled that the Provincial Government may no longer enforce a section of its controversial French language law barring businesses from displaying signs in English.

The decision follows a series of setbacks for the Parti Quebecois (PQ) Government of Mr René Levesque. Deep divisions on the issue of sovereignty for Canada's only predominantly French-speaking province are straining PQ unity.

The Supreme Court of Canada last July overruled another provision of the French language law, *known as Bill 101*, prohibiting children from other parts of Canada, but resident in Quebec, from attending English-language schools in the province.

Before the Surpeme Court decision, only children of native English-speaking Quebecers could attend English-language schools.

The provision of Bill 101 obliging businesses to erect French-only street signs was challenged in the courts by five Montreal shopkeepers. The Quebec Superior Court said the provision violated the province's human rights charter. The Government has 30 days to appeal against the verdict.

The authorities have allowed several exemptions in recent years from Bill 101, which was passed a *year after the PQ came to power in* 1976. For example, municipalities with a majority of English-speaking residents are allowed to use English in everyday communications.

Brazilian debt talks resume

BRAZILIAN CENTRAL BANK officials were due to resume talks in New York yesterday with the country's commercial bank creditors on renegotiating terms on $51bn of loans due for repayment up to the *end of 1991*.

Meanwhile, Sr Tancredo Neves, the Brazilian opposition candidate favoured to win the presidency, said he ruled out a moratorium as a means of resolving the country's $100bn debt problem, Brazilian newspapers reported.

"A moratorium was never in my plans" the former Prime Minister was quoted as saying. "No civilised country ... would adopt so radical and violent a solution," he said.

Reuter

☐ KINGSTON, JAMAICA – Some of the foreign troops which have been in Grenada since a U.S. invasion in October 1983 are being withdrawn, Canute James reports. Jamaica, whose 300 soldiers represented the largest contingent, is reducing the number of its soldiers on the island by a half.

The Jamaican move comes in advance of a review in March by Caribbean governments of the security needs of Grenada.

☐ AYACUCHO, PERU – Maoist guerrillas beheaded 21 Indian peasants on New Year's Day in an attempt to wipe out their village's self-defence force, a Peruvian Government spokesman said yesterday.

The Sendero Luminoso (Shining Path) rebels dragged the peasants from their homes in Pampacoris, 120 miles from Ayacucho, for a summary "trial" and sentenced alleged army collaborators to death. The guerrillas also burned down the town hall and five homes.

Reuter

☐ MEXICO CITY – President Fidel Castro of Cuba has ordered severe austerity measures that will probably cause Cuba's growth rate to plummet in 1985, the official news agency Prensa Latina said yesterday.

The report, monitored in Mexico City, said an economic programme drawn up in a meeting of the Central Committee of the Communist Party also determined that Cuba would have to request a rescheduling of its foreign debt again in 1985.

AP

Peter Marsh explains the problems behind the U.S. plan to counter missiles in space

Five minute puzzle for Star Wars engineers

THE INTRICACIES of the first five minutes of a flight of an intercontinental missile are causing engineers working on President Ronald Reagan's Star Wars programme their biggest headache.

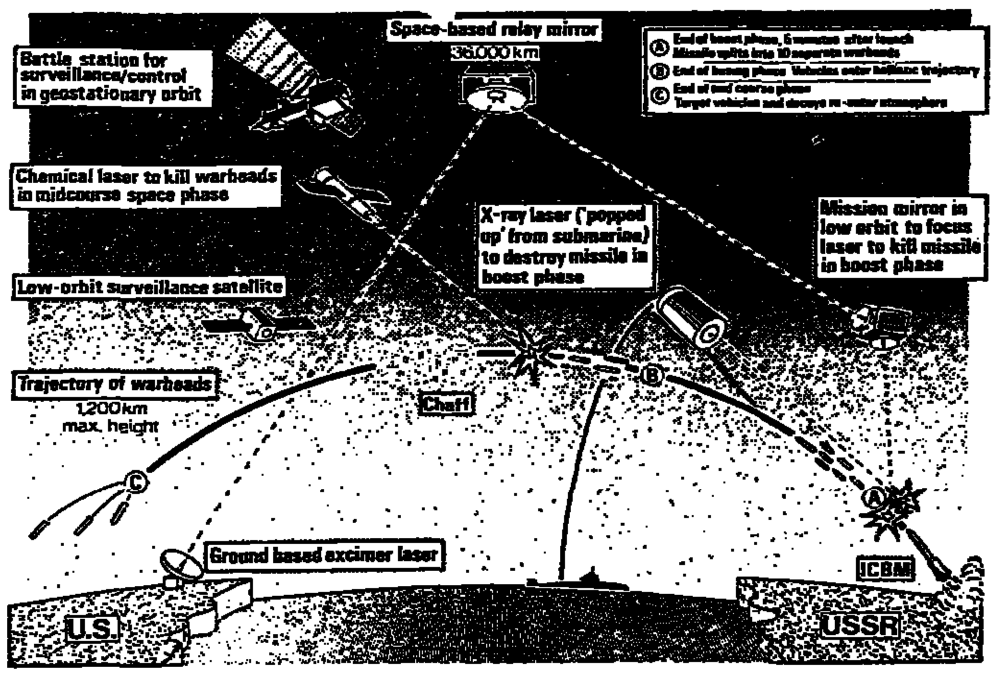
If the programme is to succeed, technologists must work out how to disable a missile in this first stage of its half-hour journey from a silo in the Soviet Union to a target perhaps 10,000 kms away in the U.S.

After five minutes or so, the projectile has completed what is called its boost phase. At this point, it is above the atmosphere, at an altitude of about 300 kms.

From this position, during the "busing" phase which *lasts about five minutes*, the rocket splits into perhaps 10 independently-targeted space vehicles, each carrying its own nuclear warhead.

Unless the technologists can work out a way of getting rid of virtually all the missiles during the boost phase, they will find that the number of targets they must hit has multiplied tenfold, greatly increasing the difficulties of their task.

Workers on the programme —more properly called the *Strategic Defence Initiative*— are trying to find a foolproof way to protect the U.S. from the 1,400 land-based intercontinental missiles in the Soviet armoury. The system should also shield the country from several thousand more warheads fired by submarines and carried by aircraft.



Conventional

The project, announced by President Reagan in March 1983 and costing $26bn by the *end of the decade, is very much* in the research stage. Work on deploying the system could start to take place in the 1990s at a cost of between $100bn and $200bn.

At a minimum, the defensive network could protect military positions such as missile silos. But President Reagan has in mind an even grander system that would shield complete conurbations.

At the heart of Star Wars technology is the use of directed - energy weapons—beams of atomic particles or lasers. Such beams travel much faster than missiles powered by conventional rocket engines burning chemical mixtures.

Whereas orthodox missiles travel at a few kilometres a second, particles can be accelerated to tens of kilometres a second, while lasers travel at the speed of light—300,000 km a second. With weapons of this kind, the speed at which war is fought can be cranked up enormously.

Application of such armaments provides virtually the only way, Star Wars proponents believe, to wipe out attacking missiles during the crucial first five minutes of their journey.

Previous anti-ballistic missile systems have relied on conventional rockets, which protect targets by shooting down incoming warheads during the two-minute terminal phase of their journey, when the projectiles re-enter the atmosphere and explode on or over a town or military installation.

Both the U.S. and the Soviet Union worked on such conventional systems during the 1960s and early 1970s, but partly as a result of the 1972 Anti Ballistic Missile Treaty (which limits the number and geographical coverage of such equipment) military engineers lost interest in the hardware and only a few systems have been deployed.

The Star Wars project is against the spirit of the treaty —though observers argue over whether it breaches its letter. (The treaty talks only about conventional *interceptor* missiles and does not provide for beam weapons.)

In a particle weapon, atomic particles such as neutrons would have to be boosted to high energies by strong electric or magnetic fields.

In a laser weapon, the beam consists not of physical projectiles but of rays of high-energy light, all with the same frequency and phase. Ordinary light carries energy—as anyone who has burned a hole through a piece of paper with a magnifying glass will know.

Sophisticated

The high energy of a laser (and thus its power to "knock out" an incoming space vehicle) is normally derived by pumping electricity into the molecules of what is called a lasing medium, for instance, a gas.

The equipment to produce the lasers and particle beams can be sited either in space or on the ground. Space-based hardware is preferable, for it is simpler to direct the beams at a specific missile target.

The disadvantage is that to place huge particle accelerators or laser hardware in space would be highly expensive. The *U.S. would have to build* a new fleet of space shuttles (each costing about $1bn) to do the job. Moreover, such orbiting equipment could be easily removed by anti-satellite weapons.

The Soviet Union is in the forefront of anti-satellite hardmyriad of elements in the ware. It bases its strategy on conventional satellites loaded with explosive that zoom into the same orbit of a target and detonate. In a more sophisticated approach, the U.S. is experimenting with a small missile fired by a fighter aircraft that homes in on an orbiting vehicle.

Engineers have proposed siting the bulky laser or particle-accelerator hardware on earth, with the beam directed by a series of mirrors to the target missile while it is still in the boost phase (see diagram).

Alternatively, laser hardware would be launched into space from submarines as soon as the U.S. received word that the Soviet Union was planning an attack. Such "pop-up" systems would have to work extremely quickly if they were to do their job during the boost phase of a missile launch.

In any working system, extra equipment would be needed to mop up missiles that somehow survived the boost phase. This would be beam equipment, probably sited in low orbits a few hundred kilometres above the earth.

Other hardware would include orbiting surveillance craft to track enemy missiles, perhaps watching out for the radiant heat emitted by their exhausts. Engineers would need to perfect computerised control networks to supervise the system.

Opponents of the Star Wars programmes have focussed on the extreme difficulties not only of developing suitable hardware but of operating it in the important five minutes after missiles are launched.

A group of American scientists has calculated that a successful defence against all 1,400 intercontinental rockets in Russia's land-based armoury would require a huge amount of electrical energy—some 60 per cent of the entire generating capacity of the U.S.

It would be fairly simple for Moscow to launch hundreds, if not thousands, of decoy projectiles, which could lure away the beams from the real missiles.

Sacrifice

A big difficulty concerns the boost phase of missiles. By sacrificing some payload capacity, space engineers think that Soviet designers could reduce this period to perhaps one or two minutes. Given such a short time in which to outwit their adversaries, Star Wars technicians would probably find it impossible to intercept the missiles before they fragment into their component warheads.

Perhaps the biggest question mark concerns not the land-based missiles but the 1,000 or so nuclear-tipped rockets that the Soviet Union puts on submarines. These projectiles could be launched from the Atlantic and Pacific and take only a few minutes to reach their targets. They would thus be far more difficult to detect and destroy.

If just a few of the rockets slipped through the net, several U.S. cities would suffer *explosions many times greater* than that which devastated Hiroshima—and the whole Star Wars programme would be rendered useless.

WORLD TRADE NEWS

Trade summit seems coup for Nakasone

BY STEWART FLEMING IN WASHINGTON

The summit between President Ronald Reagan and Japanese Prime Minister, Mr Yasuhiro Nakasone this week in Los Angeles seems destined to go down as a political coup for the charismatic Japanese leader.

This is so, even though the practical results of the efforts made to resolve mounting *U.S./Japanese trade tensions* remain to be seen.

Prior to the meeting, against the background of a $35bn (£29bn) U.S. trade deficit with Japan last year and forecasts of a $45bn deficit in 1985, President Reagan was under intense pressure from his trade advisers to "get tough" with his Japanese ally.

Criticism of Japanese trade practices has been intensifying in the U.S. in recent months, not just because of the mounting deficit but also because of the growing conviction that Japan's commitment to free trade is more rhetorical than real.

U.S. manufacturers continue to complain of difficulties in gaining access to markets in Japan.

Official accounts of the three-hour meeting between the two leaders make it clear that the Japanese Prime Minister came to Washington prepared to seize the initiative before he could be put on the defensive

Asked afterwards whether President Reagan had indeed taken a tough line with Mr Nakasone and if not, why not, a senior Administration official said there was no need for Mr Reagan to resort to twisting the arm of his good friend and most important Western ally "Yasu."

At the top of the agenda was a commitment by Mr Nakasone personally to involve himself in the details of the trade frictions as and when necessary — something U.S. officials feel is vital if alleged efforts of Japanese bureaucracy to obstruct free trade initiatives are to be overcome.

Alongside this commitment, Mr Nakasone also agreed to designate his Foreign Minister, Mr Shintaro Abe, to join with the U.S. Secretary of State, Mr George Shultz, in overseeing progress towards removing trade barriers, or ensuring new ones are not erected, in markets which the U.S. believes are vital to its export efforts in Japan.

United States officials have been impressed with the relative success of the mechanism set up to force through the liberalisation of yen financial markets after last November's meeting between Mr Reagan and Mr Nakasone.

But they wanted to see a similar mechanism applied to what they concede is the thornier issue of trade liberalisation.

Mr Nakasone's conciliatory stance extended to detailed discussion of the products which the U.S. feels it could readily export to Japan if barriers where removed.

After the meeting, U.S. officials were suggesting there would be rapid progress in some areas—telecommunications for example. But the sceptics will soon make their voices heard.

For one thing U.S. officials concede that even if their dreams come true—and that would involve successful marketing of U.S. products as well as the removal of trade barriers—U.S. exports to Japan could be expected to rise by at most $10bn.

There is also a question about whether Mr Nakasone's political clout at home will be enough for him to justify the reputation U.S. officials ascribe to him of being able to deliver on his commitments.

Mr Reagan, officials confirmed, did issue one veiled threat to the Japanese leader, namely that if nothing is done, pressures will mount in Congress to retaliate by restricting Japanese exports to the U.S.—Japan's telecommunications exports to the U.S. are particularly vulnerable.

President Reagan will now be able to fend off this prospective escalation of trade frictions by saying that Japan is moving to meet U.S. concerns. Nevertheless, the President has fired an all-important warning shot.

Frank Gray reports on a regional U.S. plan to pool research resources to boost exports

Why Mid-Western states need to co-operate

CONTROL DATA, the U.S. computer company, has launched a plan to harness the technological research capabilities *of institutions in the* Mid-Western states in order to give the region a more commanding role in the conduct of its international trade.

Mr William Norris, Control Data's chairman and founder, described the plan as a "programme of technology co-operation" involving state, corporate and university research institutions in the U.S. Mid-West. This grouping would foster co-operation abroad, particularly in Europe and Japan.

There are 14 Mid-Western states, among them Minnesota, Wisconsin, Illinois, Michigan, Ohio, Indiana, Kansas and Missouri.

The purpose of the venture is to give both small and large companies greater access to technology, thereby improving their ability to compete internationally.

The basis of the co-operation would be the research departments of the region's many universities with corporate and state support.

It is Mr Norris's view that U.S. universities do not have a tradition of co-operation in pooling research resources, despite their importance in providing most of the technology that eventually has a commercial application.

In a recent interview, Mr Norris explained that it was hoped to build up an awareness by smaller businesses of the importance of forming joint ventures abroad.

Joint ventures were preferable to licensing agreements because they give companies greater control over the use of their technology.

The U.S. had suffered from extreme carelessness over the years in controlling its technological expertise—many universities had allowed the fruits *of their research to slip away* at low prices "to the notable benefit of the Japanese," he said.

The U.S. was not using its research and development resources efficiently. "Had we started co-operating earlier, we'd be in a much better competitive position today."

Mr Norris has pointed out that any advanced technology emanating from Japan requires approval of the Ministry of International Trade and Industry "which allows no bargains."

To give shape to his views, Mr Norris has proposed a three-tiered organisational structure which would consist of the following divisions:

- A Mid-West Technology Development Institute (MTDI) to be based in Minneapolis;
- A Mid-West Technology Trading Corporation (MTTC); and
- A series of co-operative technology development centres, one of which he hopes will be located in the UK.

Mr William Norris

The MTDI would serve as the "umbrella" for the group and would be a non-profit organisation.

The trading corporation would be set up to be profit-making, with investors from public and private sectors.

It would support technology development and transfer within the Mid-West institutions, would supervise joint ventures with foreign organisations, would have authority over the technologies and data base developed in the region, and would act as consultants.

The proposal has been given impetus by Governor Rudy Perpich of Minnesota. A former Minneapolis - based representative of Control Data, the Governor has pushed the regional co-operation idea at meetings of the Mid-Western Governors Conference, and last year led a trade mission to Europe.

On November 15, 10 states signed letters of intent to commit $50,000 (£41,000) each to launch the organisation. An executive Director for the Mid-West Technology Development Institute is now being sought and an announcement is expected by February 1.

Control Data itself would provide the computer base for much of the research information gathered. It sees great potential towards solution of the international acid rain problem through development of a computer programme tracking diffusion of sulphurous and other toxic particles in the air and in groundwater. No such programme now exists.

One state, Kansas, is having sales problems because much of its coal has a high sulphur content. It would be the first to benefit from any breakthrough on the acid rain problem, Mr Norris said.

Mid-Western and UK universities both have developed expertise on the subject, and Mr Norris stressed the importance of co-operation between them.

An impediment to the regional co-operation idea, but one that is being overcome, is fear by participants of the wrath of the anti-trust lobby should such co-operation be seen as a form of commercial collusion.

Senator Charles Mathias of Maryland helped resolve the uncertainty with the proposal of a National Co-operation Research Act, which removed such fears. The Act was passed last year and signed into law by President Ronald Reagan in October.

Some of the states, however, will have to make some legislative adjustments to allow formal co-operation in the venture, Mr Norris stated.

UK keeps exports to Nigeria at 1983 levels

By Patti Waldmeir

BRITISH EXPORTS to Nigeria last year appear to have kept up with 1983 levels despite growing economic difficulties in *the country which have led to* sharp overall cuts in Nigeria's imports.

According to figures released by the Department of Trade, UK exports to Nigeria totalled some £700m in the first 11 months of 1984, equal to the total value of exports in the comparable period of 1983.

Imports from all countries into Nigeria in 1984 fell by 11 per cent, and 1985 imports are budgeted to fall by a further 30 per cent, cutting imports to their lowest level in five years.

British exporters had feared that their exports to the UK's largest market in Black Africa might slump to some £600m in 1984, down from £800m the previous year.

They were concerned this would occur under the combined impact of import cuts and disruptions in trade following the dismissal of the country's pre-shipment inspection agents in September.

The dismissal of SGS, previously Nigeria's sole inspection agents, has caused serious delays in shipments of some goods but exporters expect to be able to complete planned 1984 shipments by the new February deadline established by the Nigerian authorities.

- A contract to build a hotel and casino near Mbabane, capital of Swaziland, has been awarded by the country's National Industrial Development Corporation to Tate and Lyle Industries and Outtor, two UK companies.

Lloyds Bank International has lent $10.8m (£9m) to help finance the project and the loan is being guaranteed by the Export Credits Guarantee Department.

- The mechanical process division of GEC Mechanical Handling has been awarded contracts worth more than £7m to supply a phosphate plant and associated pipeline pump station to be constructed at west Sebaeya in upper Egypt, our Trade Staff writes.

The plant is to be supplied to the Abu Zaabal Fertiliser and Chemical company, and will treat 3,500 tonnes a day of variable fine-grained bedded phosphate rock.

Shippers expect Far East-Europe rates war

BY ANDREW FISHER, SHIPPING CORRESPONDENT

A FULL-SCALE rate war looks *likely on the busy container* shipping routes between Europe and the Far East, the British Shippers' Council, which represents cargo exporters and importers, said.

It is likely to result from the tussle for business between the dominant Far Eastern Freight Conference (FEFC), which sets rates, schedules and cargo allocations for its 33 members, and non-conference outsider lines.

"There are clear indications that the trade is about to be plunged into a full-scale rate war," *the council declared. One* reason is the ending last year of the agreement between the FEFC and Evergreen, the non-conference Taiwanese line.

This provided for Evergreen to keep its rates 5 per cent below the FEFC's, with a 10 per cent difference on routes to Japan.

Evergreen has been building up its new round-the-world service and has said it wants no confronation with the FEFC but wishes to keep its commercial freedom.

A year ago, the FEFC put up its rates by 12 per cent. But these increases have not stuck, according to shipping officials, and discounting has been common.

The FEFC, including such major lines as Overseas Container Lines (OCL) of the UK, Hapag-Lloyd of West Germany, Maersk of Denmark, and Japanese companies, has just over 79 per cent of the trade, according to Lloyds Export Shipping.

Among the outsiders, Evergreen has 8 per cent, but is expanding, and Balt Orient of the Soviet Union and Yang Ming (also from Taiwan) around 5 per cent each.

The shippers' council said it was worried that the rate war could force outsider lines out of business or into the conference camp.

This, it noted, had happened on the North Atlantic. Once competition had been partly eliminated, rates could be forced up.

The FEFC has argued, however, that the 12 per cent rise in nominal rates in 1984 was the first for three years. North Atlantic lines have also said *that rates have shown hardly* any real increases in recent years, while costs have moved up sharply.

Jamaica-Soviet trade deal in peril over car prices

BY CANUTE JAMES IN KINGSTON

A TRADE agreement between Jamaica and the Soviet Union is threatened by Moscow's concern at the high prices at which their motor vehicles are being sold in Jamaica.

The cars are part of an agreement under which Jamaica is shipping 1m tonnes of bauxite ore per year for seven years to the USSR. The island is paid about $25m (£17m) for each 1m tonnes of ore, and has agreed to spend 20 per cent of this buying Soviet goods.

Most is spent on importing Lada cars, which are being offered for sale in Jamaica at J$28,000 (£4,700), a rise from J$11,000 just over a year ago. The result of this rise is that several hundred Lada cars are sitting on the Kingston waterfront because there are no buyers. Several thousand more cars are expected this year.

Moscow is reported to be thinking of cancelling the trade deal because of fears that the situation in Jamaica will adversely affect "the integrity of Soviet vehicles and the good name of Soviet industry," according to local trade officials.

"The Lada is a comparatively cheap car and previously was affordable," said Mr Edward Barlaban of the Soviet embassy. "Now because of various reasons it has moved out of the reach of those for whom it was intended."

The Castle Race

by Christopher Martin
illustrated by David Hockney

ONCE upon a time, and a time before that, there lived in the Northlands in the Kingdom of Hrolf, a beautiful princess named Asa.

She had many suitors from all parts, but two noble princes, Agnay and Volund, were far more persistent and determined than the rest.

Unable to decide between them, Asa sought her father's advice. 'Both are princes,' she said, 'both fine horse-men and one as handsome as the other. How shall I choose?'

At this, King Hrolf summoned the two princes to his court. 'Guarding the northern and southern entrances to my Kingdom are two identical hills,' he said. 'Take one hill each and on it build a castle fit for a princess. Whoever shall finish first will marry Princess Asa. But one thing. You must complete the task for no more money than this.' And so saying the King gave each prince one thousand crowns in gold (a modest fortune in those days). The two princes began at once, though with rather different attitudes of mind.

Prince Agnay reasoned thus: 'It is a race,' he said, 'so speed is of the essence. I will engage many labourers who will have to work for low wages. We will use local stone because it is convenient and cheap, if a little difficult to work. We won't waste time with proper scaffolding, we will sleep rough and eat what wild berries can be found on the hill.'

Prince Volund was of a different mind: 'Building castles is long, laborious and often dangerous work,' he said. 'I will engage only enough men that I can pay fair wages. We will

haul stone from across the mountains because it is easier to work. We must cut down pine forests as scaffolding and to make proper shelters for the men, and we will engage full-time hunters to keep us well supplied with deer and wild boar.'

'Furthermore,' said Prince Volund, 'every man who helps me build this castle shall have a part ownership of it, which will entitle him and his family to seek refuge here in times of trouble.'

At the end of the first summer, King Hrolf came to view the progress. Agnay's castle was half complete, but poor Volund had only just begun. The people laughed at Volund. 'It will doubtless be a very fine castle when it's finished,' they mocked. 'What a pity there will be no princess to live in it.' King Hrolf wasn't so sure.

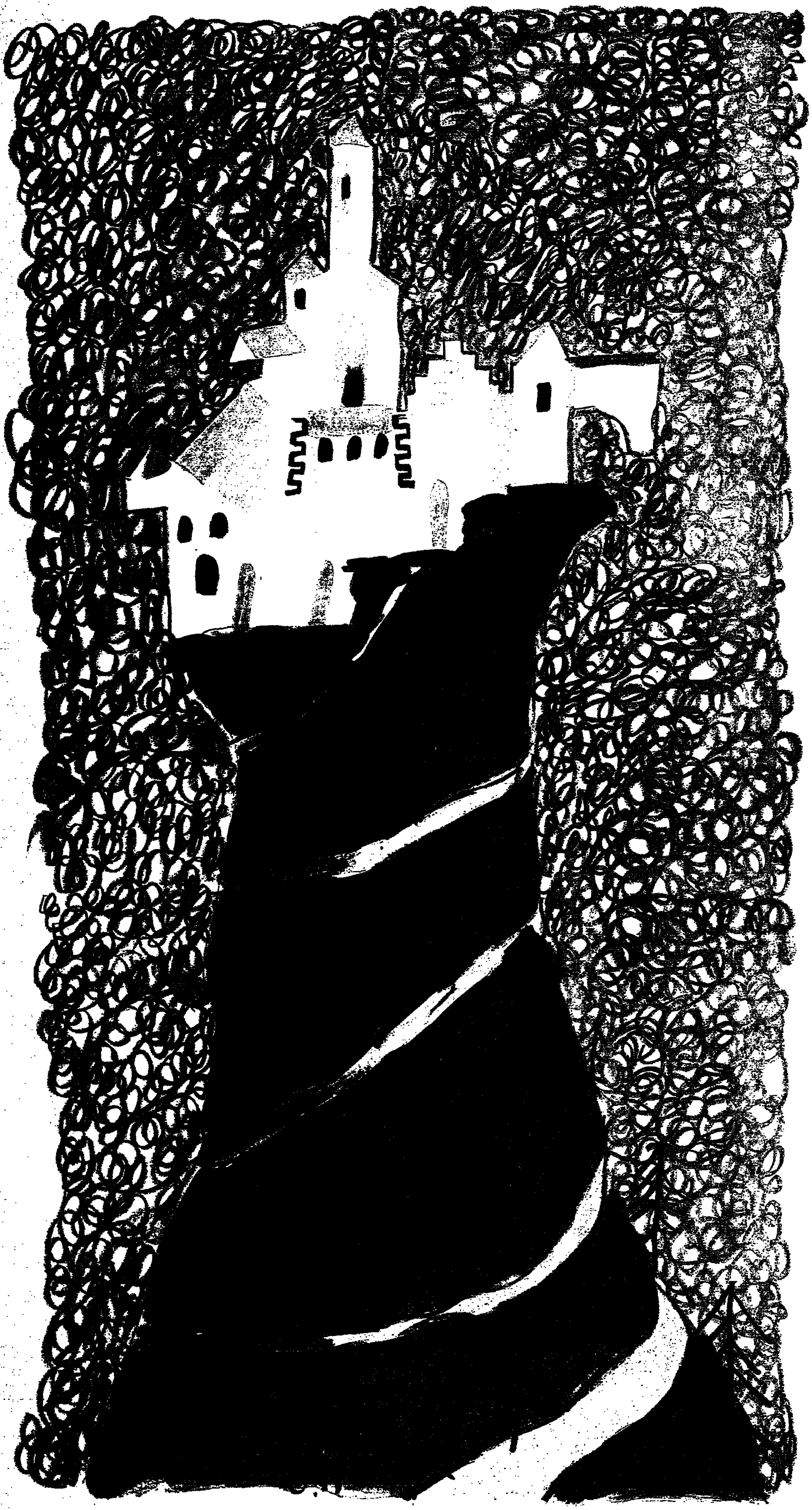
Then winter came. And as you know, winters in the Northlands are very severe. Cold hands found Agnay's stone even harder to work. Accidents, caused by the lack of scaffolding, trebled. The berries disappeared from the hillside, and where there had been grass for a bed, now there was snow.

Mumblings and grumblings became visible discontent, and one by one Agnay's men downed what tools they had and asked, 'Why should we work under these conditions?' Volund's labourers knew they would gain lifelong security for their families from the finished castle. They went to Volund and said, 'Because we are so far behind in the race, we have looked around and found ways of being more efficient.'

And so it was that as Agnay fell into disarray, Volund went from strength to strength. And, as you will have guessed by now, one summer and winter later he not only finished first, but had built by far the most beautiful castle.

At the wedding, which by all accounts was a splendour in itself, King Hrolf took Volund to one side. 'I have gained more than a son,' he said.

'In this part of the Northlands, the lessons that you have taught will never be forgotten.'



TECHNOLOGY

EDITED BY ALAN CANE

INTENSIVE EFFORTS ARE UNDERWAY TO DEVELOP BETTER TRANSMISSIONS

Bicycle makers peddling better gears

BY MICHAEL STRUTT

THERE HAVE been regular attempts to improve on the standard gearing systems for bicycles. Now this long-unresolved mechanical engineering problem is closer to a solution, as the results of a burst of intensive energy in Europe and the U.S. reach the market.

The familiar three-speed hub, made by Sturmey Archer for 80 years, and the double-chainwheel 10-speed derailleur, used on sports and racing machines since the 1950s, are the two gear systems fitted to nearly all adult bikes.

Both have their advantages and disadvantages: the weatherproof and longlasting three-speed has too few ratios for many uses and is heavy; the mechnically-efficient derailleur is awkward to operate and exposed to the elements so that it easily wears.

Four alternative systems are becoming available, three completely new, and they will each be trying to make headway against the proven and accepted gears already in use. This means acceptance by cycle manufacturers who might choose them as original equipment.

The first, from TI Sturmey Archer itself, is a revised version of the company's five-speed hub, first introduced in the 1960s. Technically, it consists of two three-speed gear clusters working back to back and operated by two cables. The rider operates one lever to engage low, medium and high on one cluster, and the second lever to select an extra-high and extra-low using the other.

The new five-speed has been offered recently with an alloy shell to trim some weight. From the New Year it will be sold with a long-awaited modification: a selector which enables all the ratios to be engaged sequentially by a single lever.

Two cables will still be used although a single-cable version, which is better still, was designed many years ago. In recent years a prototype seven-speed was made, but shelved for marketing reasons since Sturmey felt in the end that the five-speed was sufficient.

No British cycle maker yet fits the five-speed as original equipment. However, some individual riders instal them and the unit sells particularly well in Denmark, the company says.

How many gears are needed anyway? This depends on the kind of cycling a rider does, but the ability to easily engage the right gear for the conditions, rather than sheer number, is perhaps the best way to look at the question. And this is where two of the new systems come in.

Michael Deal's Drive in the UK, and the U.S.-produced Cambiogear both have 16 sequential gears which are raised or lowered by enlarging or contracting the chainwheel itself—a principle tried for decades with little commercial success. But each takes a different approach.

The automatic Deal Drive, launched in 1982, has six interlocking arms which fold in and out like a camera iris and change the gear up or down according *to the pedalling* effort.

There is a knack to learn but the rider can adjust the system so that it will change partly "on demand" rather than completely automatically.

Mechanically the unit is complex, with many moving parts which include the springs and clutches that do the work. David Nicholas, marketing director of Deal Drive International, says that development changes to improve efficiency and reliability are partly responsible for the delay in reaching the market. However, intial production has begun and "we expect to have *them in the dealers at Easter.*"

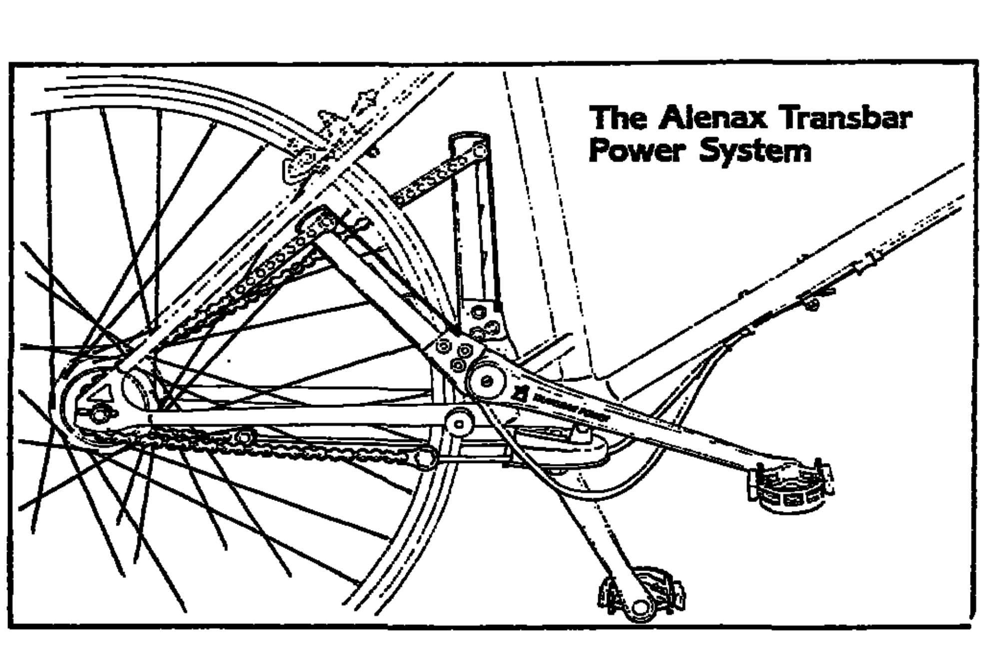
The Cambiogear, made by Excel of Illinois, was devised by an American inventor, Royce Husted, to get round the problems of double-shift selection of derailleur gears. Instead, the rider uses a handlebar shift lever to control a spiral camplate that, with slight pedal pressure, expands or contracts the chainwheel's sprocket segments in their radial grooves.

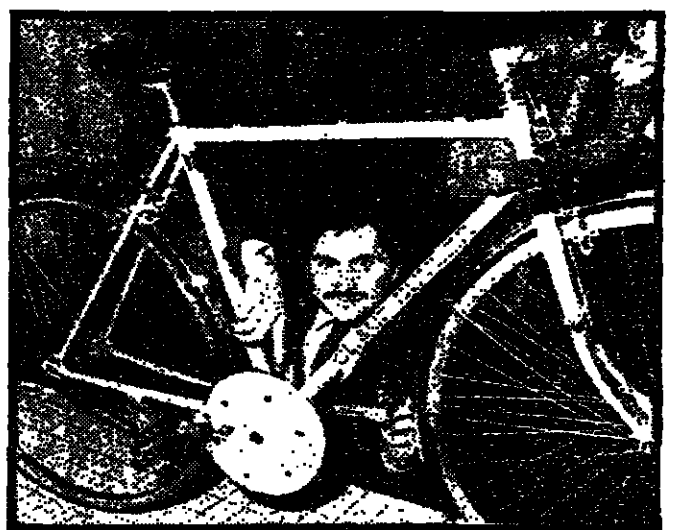
The chainwheel is made in two new hard plastics — Du Pont's Rynite polyester and Zytel nylon — and there is only a handful of moving parts.

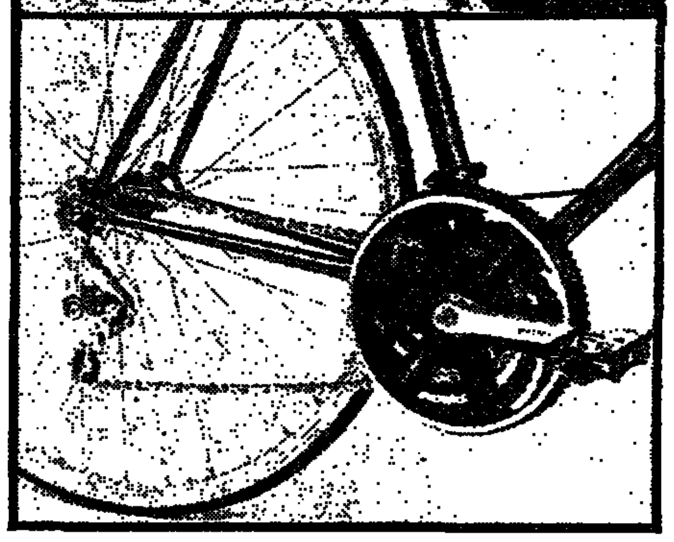
Excel plans to launch the Cambiogear in Europe in the spring and is currently talking to possible distributors. Mr Charles Richards, vice-president, coments that leisure riders in the U.S. who have tried the gear say they like its ease of use compared with the derailleur.

Completely different is the Alenax Transbar, a lever-power drive for which the rider uses a walking or jogging, rather than rotary motion. The makers, Alenax Corporation of the U.S., claim it is far more efficient at transferring power to the wheels than normal pedalling because the levers, at 300 mm, are nearly twice the length of standard cranks.

The Alenax has two opposing levers which drive a rear free-wheel hub with two ratcheting sprockets. As the rider pushes down on one pedal, it pulls a chain around one sprocket on the rear wheel and also pulls the opposite pedal into the ready position.







Top: How the Alenax system works. The two opposing transmission bars are connected by freewheels and a see-saw idler which changes the direction of the chain. Centre: Engineer Michael Deal with his 16-gear automatic drive. Bottom: the 16-speed Cambridge system uses *hard plastics for lightness*

Gears are changed by a single lever, which varies the length of the stroke by allowing the chain ends to move in relation to the pivot points. Alenax says that up to twice the distance can be covered for the same effort and that the range of ratios available could only be duplicated on a conventional bicycle which has 29 speeds.

The Transbar system, which took 10 years to develop, cannot be fitted to ordinary cycle frames, so the company is making necessity a virtue by marketing a range of sports, commuting and BMX machines which incorporate the drive.

Karl Barton, Alenax's vice-president for marketing and sales, says the first machines will go on sale in the U.S. in the spring and talks are being held with a view to European distribution later in the year.

Addresses: Alenax Corporation, 50 Spencerport Road, Rochester, New York 14606 (tel: 716 458 3000); Deal Drive International, Ketts House, Winchester Road, Chandler's Ford, Eastleigh, Hants (tel: 042 15 4771); Excel Corporation, 9362 West Grand Avenue, Franklin Park, Il 60131 (tel: 312 451 1350); TI Sturmey Archer, Triumph Road, Nottingham NG7 2DD (tel. 0602 705705).

Materials

Research into novel coatings

TECHNICAL workers at ERA Technology, a company in Leatherhead, plan to develop a new type of protective-coating technique for the engineering, food and chemical industries.

In the ERA work, due to begin next year, researchers will coat the insides of pipes and other components with thin layers of insulating materials such as silicon dioxide and aluminium oxide (alumina).

The project could be of interest to a range of companies that need to protect pipes or components such as valves from the effects of heat, abrasion or contamination. The pipes would be made of metals such as steel and aluminium. Brian Walton of ERA says he is attempting to sign up a number of companies that would participate in the venture on a collaborative basis.

The technique to be studied will be a variation on ion plating, which is well known as a *way of coating metal surfaces* with thin layers of other metals. In this, a metal target is heated to provide a plasma of ions and atoms. These receive energy from the plasma to collide with the surface under treatment, upon which a protective layer builds up.

To use the same technique for a "target" of an insulating material such as silicon dioxide is more difficult. To make a plasma from such substances is less easy—but they can be more useful as coating surfaces than metals. They are likely to be tougher and to be less subject ot distortion at high temperatures.

To obtain a plasma in the first place, engineers must fire at the "target" material a stream of ions (from an inert gas such as argon for instance) which dislodges atoms from the target. At the same time, the material is subjected to a magnetic field to accelerate at which atoms are removed. This process is known as magnetron sputtering.

In another development, workers must apply a high-frequency alternating electric field across the plasma. This puts the plasma in a form where the atoms of the insulating material adhere to the metal surface to form a film of a few micrometres in thickness. According to ERA, the technique offers the possibility that workers can coat surfaces of almost any composition with a choice of refractory and chemically-resistant materials.

Electronics

Testing strategies

IN VIEW of the increasing cost of testing ever more complicated very large-scale integrated (VLSI) circuits, the need for electronics manufacturing companies to get their product and testing strategies right has become even more acute.

That is the main message of a report called LSI/VLSI Automatic Test Equipment, a User Guide to Test Strategy Development. Written by Electronic Trend Publications, the report says that the historical cost of integrated circuit testing, some five to *ten per cent of the device* cost, is being driven into the 35 to 45 per cent region, while at the same time automatic test equipment (ATE) prices have increased rapidly "to well over $1m for a single device test system."

Report author John Turino says that by 1988 the world market for ATE is likely to reach $2.8bn (about $1bn was spent in 1983).

So the 1982 page report is basically a strategic planning guide for developing an optimum LSI/VLSI device and printed board assembly and testing program. It covers the selection and implementation of ATE, the technical and economic trade-offs that must be made, and the impact of ATE on computer aided design, engineering and manufacturing.

The report is available from IPI, Nodre Ringvej 201, 2600 Glostrup, Copenhagen, Denmark.

Storage

Rugged Winchester

PROTEK OF London is offering a ruggedised, harsh environment 10 megabyte Winchester disk drive aimed at mobile applications is vehicles, oil platforms, ships and aircraft.

The unit can withstand forces of up to 5g in any direction and 15g for short periods. It is protected against vibration and thermal shock and is sealed in an alloy box to shield it from magnetic fields and harmful gases or liquids.

An integral floppy disk *drive with firmware provides* automatic back-up and restoration of data without the presence of a host computer.

In case of failure a display indicates a number corresponding to one of 72 fault messages.

More on 01-2445 6844.

Process

Better heat efficiency

The National Engineering Laboratory in East Kilbride has developed a rapid analysis machine which can improve the efficiency of heat exchangers.

Known as a portable fouling assessment unit (PFAU), it takes a small amount of fluid, analyses it and returns it to the main process line downstream of the heat exchanger.

The PFAU provides data from which it is possible to predict the fouling of various sections of the exchanger under different operating conditions. Plant engineers can then take the necessary remedial steps and eliminate much of the waste that can result from fouling of pipes.

The trailer-mounted unit can easily be installed on site and is currently in use in a power station.

Drying

Jet that cleans

A CONCENTRATED, flameless jet of hot air at 1300 deg C for cleaning and drying is produced by a device called Superjet developed by Klaruw Road and Floor Maintenance of Tilburg in the Netherlands.

About 98 per cent of the thrust of the jet is concentrated in a radius of only 10 mm at a distance of 50 mm from the nozzle.

The unit can be used to clean and dry joints and cracks in roads or factory flooring very rapidly, after which joint sealing can be applied. The jet will also remove road markings at high speed.

Available in portable or wheeled versions, Superjet uses propane gas at 2.5 bar pressure and compressed air at 6 bar.

More from the company at P.O. Box 2085, CB Tilburg, The Netherlands.

Security

Vehicle watcher

SARSOTA AUTOMATION of Winchester has developed an electronic system to prevent unauthorised vehicles entering secure areas.

Called VISA (vehicle identification and security authorisation), the equipment uses a concealed transponder fitted beneath the vehicle which sends a signal to a roadway loop aerial embedded in the approach to the secure area. This in turn is connected to a receiver and minicomputer located in the gate lodge or similar area.

Provided the vehicle is authorised, the system simply records its passage, logging the identification code against time and date.

Alien vehicles however, will trigger an alarm signal which can power warning sirens, lamps or floodlights. It can also initiate countermeasures—lowering barriers, closing gates, or sending messages over auto-dialling phone equipment. More on 0962 883200.

Video

Marrying computers to videodiscs

AN AREA of communications technology with massive growth potential is interactive video, the marriage of computer technology and video.

New Horizon Productions of Milton Keynes, a pioneer in interactive video, has launched a workstation based on the Thorn EMI video disc system and the Acorn microcomputer.

An attraction of VHD is that it uses a cheap, stylus-read disc. Computer text and graphics are superimposed on the video picture and the system has wide educational potential.

New Horizon claims its system watches anything else available but costs far less.

A pilot disc has been made for a gunnery training demonstration for the British Army and the Ministry of Defence is expected to commission a series of training programmes shortly.

A disc has also been pressed for Volvo, the motor vehicle group, to demonstrate the system's application in point-of-sale promotion and training.

ENGINEERING IN SPACE

Chemical plant plans delayed a year

BY PETER MARSH

A SERIES of technical problems on a space-shuttle flight in the summer has put back by a year an ambitious programme to set up a chemical factory beyond the atmosphere by the late 1980s.

During the mission, an experimental production unit for the separation of biological materials failed to work as planned. In a further problem, stray bacteria contaminated the chemical that the hardware was due to collect, with the result that scientists had to abandon a scheme to do rigorous tests on the material on the ground.

In spite of these difficulties, McDonnell Douglas, the company that is pioneering the research, says it is determined to carry on with its long-term goals. It intends to inject into space by about 1989 an automated system that would separate biological specimens on a commercial basis.

Genetic-engineering and chemical companies will be among the customers for processing services in the space factory, according to Charles Walker, a McDonnell Douglas engineer who travelled in the shuttle flight in August. Mr Walker, the first representative of an industrial company to leave the atmosphere, said in London recently that new biotechnology techniques were producing complex "soups" of chemicals, many of which could be commercially useful.

But to separate such mixtures was often difficult using ground-based techniques. There could therefore be a demand for a service in which a drug or pharmaceutical company paid for samples to be split into constitutent materials aboard an orbiting plant.

The technique on which McDonnell Douglas, in partnership with Johnson and Johnson the U.S. drugs company, is basing its plans is electrophoresis. In this technology, a mixture of chemicals in solution is passed in a column through an electric field.

The molecules in solution, diverted by the field, take different paths according to their different electrical charges. They are fed into separate containers at the end of the column.

Electrophoresis is well established in terrestrial laboratories. But gravity interferes with the process, slowing down the movement of the molecules. In the gravity-free conditions of an orbiting spacecraft, McDonnell Douglas says the procedure is greatly improved.

The technique promises to give substances at purity levels five times better than those achieved in earth factories. As the molecules move much more quickly, materials can be separated at up to 700 times the rate on the ground.

McDonnell Douglas bases these figures on experiments on four flights of space shuttles prior to the August mission. On these flights, astronauts took into the heavens apparatus that tested electrophoresis with a variety of sample mixtures.

The August trip was the first in which McDonnell Douglas has attempted to separate a particular hormone that it is especially keen on producing in a commercial form of the electrophoresis unit. The company has been coy about releasing details of the material.

According to McDonnell Douglas, it is a naturally occurring substance that can be used to treat certain medical disorders in people. With conventional separating techniques, the substance is expensive to produce.

● A small component in the apparatus developed a fault soon after the hardware was switched on above the atmosphere. Luckily, Mr Walker had a space part with him and repaired the defect.

● The electronic control system for the equipment broke down. Mr Walker had to take over from the hardware to insert commands via a keyboard to control factors such as flow rate and pressure.

● Most seriously, due to lack of cooling while the equipment was in space, the separation equipment became a breeding ground for bacteria. As a result of this problem, similar to that faced by householders if they leave milk in the fridge too long, endotoxins poisoned the mixture, making the hormone unsuitable for testing.

McDonnell Douglas, which refuses to say how much it has invested in space processing, plans to repeat the August exercise on a further shuttle flight in March. Mr Walker says that on this occasion engineers will pay greater attention to sterilising the apparatus.

Channel ferry passengers diverted

A DISPUTE by French seamen over jobs continued to disrupt cross-Channel ferry services yesterday, but UK operators said they were still able to take passengers and freight to the European continent.

Both P & O Ferries and Hoverspeed, the hovercraft operator, said they were operating normally to Boulogne, the French port to which the dispute spread late on Wednesday from Calais and Dunkirk.

The biggest ferry owners, Sealink UK and Townsend Thoresen, were still having to divert traffic to other services, however.

Sealink resumed its Folkestone-Boulogne service in the afternoon after it was halted in the morning but still had no ships running to Calais or Dunkirk from Dover or to Dieppe from Newhaven.

The dispute began on Monday over plans by the French state-owned railways to cut services and labour costs in an effort to eliminate losses.

□ STEEL CONSUMPTION in the UK picked up again in the third quarter after a drop in the previous three months which was caused partly by the miners' strike.

The 8.8 per cent rise in the third quarter level to 2.98m tonnes (seasonally adjusted) brought the level for the first nine months up to the 1983 level of 8.6m tonnes.

Figures published in British Business, the journal of the Department of Trade and Industry, also showed that users were no longer building up stocks.

This contrasts with the stock-building trend in the first half, which gathered pace as consumers sought to meet the expected effects of the miners's strike.

Third quarter consumption was also higher than the 2.85m tonnes recorded for the same period of last year.

□ FIRE DAMAGE in Britain in November totalled more than £41m, a rise of £2m on the month and nearly £5m more than the same month of 1983. The costliest fire in November was at the Oxford Circus tube station in London where damage was put at £2.75m.

□ GOVERNMENT PLANS for a sale to private operators of eight airfields in the Scottish Highlands and islands have met with "a disappointing level of interest" the Civil Aviation Authority said. The airfields are at present run as a social service for remote communities. Out of 200 inquiries only one firm bid has emerged for the airport at *Benbecula, in the Western Isles.*

□ DEMAND for petroleum productions in the UK rose by 16.2 per cent in the first nine months of last year. The rise from 52m tonnes to 60.3m tonnes was due mainly to an increase in fuel oil demand which reflected the switch from coal to oil by the electricity industry.

□ BEER OUTPUT in November dropped by 3.9 per cent on the same month in 1983 according to figures published by the Brewers Society yesterday.

However, in the 11 months to November production was up by 0.02 per cent on the same period in 1982, with production standing at 34.2m bulk barrels.

□ BRITISH TELECOM yesterday opened the first of its new shops to sell telephones, business equipment and telephone accessories. The shop, at Southend, Essex, is part of a trial to see whether the idea is viable.

Pit supervisors may reject 5.2% pay offer

BY OUR LABOUR STAFF

A PAY offer by the National Coal Board (NCB) to members of Nacods, the pit supervisors' union which last October went to the brink of a national strike, is to be put to a ballot. Many officials of the union believe that the 5.2 per cent offer will be rejected.

A vote for industrial action requires a relatively high two-thirds vote in favour under Nacods' rules. But last September, the union's members returned an 82.5 per cent majority for strike action over the withdrawal by the NCB of guidelines allowing Nacods' members to return home rather than cross miners' picket lines.

A final meeting between the union's leaders and the NCB negotiators is scheduled for next Friday. Indications are, however, that the offer will not be improved and that the union members could be balloted with either no recommendation from the executive, or a recommendation to reject the offer.

The NCB has already agreed a 5.2 per cent increase with the 15,000-strong British Association of Colliery Management, and would be forced to improve that figure, or greatly annoy its managers, if the supervisors achieved a higher settlement. In addition, NCB negotiators have emphasised to the Nacods leaders that no funds are available to pay a higher increase.


Ian MacGregor

An additional complicating factor is the suspicion and animosity with which the Nacods leaders – especially Mr Peter McNestry, the union's general secretary and Mr Ken Sampey, its president – regard the NCB, and in particular Mr Ian MacGregor, the NCB chairman.

They suspect the chairman wishes to privatise the mining industry, or at least decentralise its wage bargaining to break up national rates; and they insist that he has reneged on a pledge not to declare compulsory redundancies.

Mr NcNestry said last night that the NCB's pledge in the advertisements placed in some national newspapers this week that there would be no compulsory redundancies was false.

He said that minutes of a meeting between the NCB and the two management unions on November 20 showed that Mr MacGregor had said that the pledge of no compulsory redundancies "could no longer be guaranteed in all circumstances"; and that Mr James Cowan, the NCB's deputy chairman, had said that it "would be unrealistic to guarantee this if (pits) were destroyed or made unworkable."

The NCB said that some 250 miners returned to work yesterday for the first time since the strike began, in addition to the 368 "new faces" reporting for work in the first 24 hours of the new year.

COALFIELDS DISPUTE ENTERS A CRITICAL PHASE

All eyes on drift back to work

BY JOHN LLOYD, INDUSTRIAL EDITOR

THE EMERGENCE of a strong and sustained drift back to work in the striking coalfields next week will be of crucial importance to the Government, the National Coal Board (NCB), the mineworkers' union and the Trades Union Congress (TUC). On it will largely hang the outcome of the 10-month-old strike.

The NCB had discounted the figures for the last three working days of this week before the Christmas break. The coincidence of holidays, pits in Scotland and other areas still shut and much higher than usual absenteeism makes this period statistically confusing – though that has not prevented the board from making a certain amount of capital out of the 600-plus miners who have returned to their pits for the first time over the past 36 hours.

Mr Michael Eaton, the NCB's spokesman allowed himself modest congratulation yesterday: "It's a little better than we thought it would be; it's really quite encouraging."

He added: "I don't think that we shall see a November-style surge back to work in January; many of the men still on strike will be more reluctant to go back than those who returned last year. But it will certainly accelerate from today's figures.

"As important will be that these extra numbers will mean that in a significant number of collieries, coal production can restart again, enabling us to build on the 600,000-650,000 tonnes we are now producing in a week."

Mr Eaton said that coal had not been moved in large quantities from strikebound areas because it had not been produced; however, once it was produced, that could change. "Where miners are working and coal is being turned, it is unreasonable to assume that coal will not be removed in the future," he said.

Mr Eaton's guarded optimism is based on reports from his area officials that managers at many pits have been inundated with calls asking for details of how to return to work, and expressing an intention to do so next week. These intentions could melt in Monday's cold dawn when picketing – light in the last three days – gets heavier again.

If they do, then the union will receive a much-needed boost of confidence, and the board and the Government will be presented with a dilemma.

Their posture of adamant refusal to consider new talks until the NUM concedes in advance that pits must shut for economic reasons could begin to look like intransigence if miners do not cross the picket line in large numbers. The pressures would then mount for a renewal of talks, without a categoric commitment from the union that it would concede the economic point.

The route back into talks, one which the Government has ensured remains clear, is via the TUC. Mr Peter Walker, the Energy Secretary, held talks last month with the TUC's liaison group of senior union leaders which, while fruitless for the TUC, were amiable and taken by the union side to indicate that Mr Walker's door remained open to new ideas.

If he finds the "drift back" strategy is stuck, he will turn to the TUC – in the expectation of finding there men who want a settlement just as much as he does, and who might be prepared to exert themselves with the NUM to get it.

If Mr Eaton's optimism is justified, and a substantial number of mineworkers do return to the pits, the NCB may be able to count half its mining labour force of 189,000 men at work by February.

Mr Arthur Scargill, president of the National Union of Mineworkers, yesterday significantly broadened the terms of the coal dispute by linking his union's fight with other challenges to Government policy.

In a front page article in Labour Herald, the weekly paper of the far left in London, Mr Scargill says: "Any group of workers or section of the working class facing attacks by the Government's economic policies should be supported. They should be supported when they resist the attempts to destroy the social services, the education and housing programmes which electors in local government have given a clear mandate to councillors to carry through.

"Therefore, I thouroghly welcome and support all forms of action against this most repressive Government. But I also call upon the wider labour and trade union movement to join in a massive campaign of protest against the Tory Government's policies."

Controls relaxed on internal air fares

By Michael Donne, Aerospace Correspondent

PASSENGERS on UK internal air routes may benefit from cheaper air fares in the year ahead as a result of plans by the Civil Aviation Authority (CAA) to relax its controls on airline charges.

It has told the airlines that from the end of January (subject only to objections from other airlines or interested parties) it will end its present right of veto over changes in air fares, as part of the changes in regulations in last summer's Civil Aviation Policy Review.

Under the CAA's plans airlines flying UK internal routes will no longer be obliged to wait for its approval to raise or lower fares, except in relation to fares to and from the Channel Islands or the Isle of Man.

Airlines will be obliged to notify the CAA of any proposed changes up to 10 days in advance. It will block them only if it feels that they are "predatory" – that is unfair to the point of damaging the interests of other operators beyond the point of reasonable competition.

The Channel Islands and Isle of Man have been excluded because the authorities there wish to retain a degree of control over air fares in order to protect their own air transport interests.

British Airways said the move would give it greater commercial freedom which it welcomed.

Overseas visitors say London hotels still too expensive

BY JAMES McDONALD

LONDON in 1984 was considered better value than in the previous few years by overseas visitors. Hotels in the capital were, however, still, considered expensive by a majority of visitors, according to a survey carried out in July and August last year and published by the British Tourist Authority.

The 1984 London Overseas Visitors Survey for the two months found that 57 per cent of visitors believed hotels to be expensive, compared with 63 per cent in 1983. Another 28 per cent of the survey sample thought that prices were average and 14 per cent described them as inexpensive.

There was a consistent volume of complaints from people using London hotels. One-fifth of the sample was still dissatisfied, the same proportion as in 1983. Complaints ranged from the general standard of bedrooms, to lack of cleanliness, inadequate service and standard of furnishings.

On the other hand, travel by underground and by bus was considered cheap by about half of the survey sample, with the remainder describing public transport fares as average in price.

About 90 per cent of visitors were satisfied with London banks for changing currency, except for occasional slow service, but 38 per cent complained of bureaux de change – mostly because of the rates of exchange offered and the commission rates charged.

Theatres were considered cheap by only 30 per cent of the survey sample. Eating out in London improved its price image with 18 per cent considering it good value as against 8 per cent in 1981, while 38 per cent thought prices to be average.

The tourist industry in Britain is expected to have broken all records last year. Final returns are expected to show about 14m overseas visitors. The industry is expected to have earned a record £5.3bn in foreign currency.

The English Tourist Board said yesterday: "There is no doubt that tourism is Britain's biggest growth industry, creating some 50,000 new jobs a year throughout the country."

Much of the boom has been helped by the drop in the value of the pound against the U.S. dollar and many other currencies, making Britain a much cheaper destination for overseas visitors.

Hoteliers forecast full house

BY ARTHUR SANDLES

FOR ONCE it is beginning to look as if the hoteliers of Britain may be able to have a laugh, at least a grin, at the expense of their rivals in Spain.

While bookings for summer holidays in the Costas are showing signs of wilting under price rises (20 per cent or more) and reports of violent crime, the British holiday market is preparing itself for what it hopes will be a bumper year.

"People who try to book domestic holidays late this year will do so at their peril," says Mr David Court, managing director of Blakes Holidays. Mr Ian Bell, chairman of the 15,000 strong British Hotels, Restaurants and Caterers Association adds: "If you are planning to holiday in Britain this year, book early, because 1985 promises to be Britain's best year for tourism."

It is not only Spanish prices which have provoked the new round of optimism. As the pound tumbles so not only are the British themselves deterred from travelling beyond our shores, but foreigners are attracted in larger numbers.

Britain has just had two good summers, which again has encouraged the locals to think about staying at home in 1985. UK inflation has been low, bringing down the cost of domestic holidaymaking in relative terms.

The flood of U.S. visitors is expected to be particularly heavy. In late May the arrival of the American Bar Association in London for its annual conference with some 30,000 delegates, spouses and interested parties will fill just about every hotel of four stars and upwards in London and for miles around. The booking was confirmed four years ago. "It seemed like a good idea at the time," said one hotelier.

That invasion will be only the start. While some rooms are available in London in the summer, many groups already have a "house full" notice up as far as block bookings are concerned.

"Hoteliers are forecasting a bumper 1985," *says Mr Bell, "with even* more visitors than the record 13.5m in 1984." Hotel groups are placing emphasis on weekend off-season breaks on the domestic market – in other words filling those periods which are the least popular with foreign tourists and business visitors.

According to Mr Court: "By the end of February almost three quarters of the British holidays will have been booked."

Britain now has 1.5m people working in tourism compared with the French total of 1.6m. If the predicted boom in tourist business occurs then that total will rise substantially.

The main cloud on the horizon is seen by many as London's shortage of beds.

Hotel researchers Horwath and Horwath (UK) said it predicted in 1978 that there would be a shortage of 20,000 beds in London by the mid 1980s. This had now happened.

BASE LENDING RATES

A.B.N. Bank	9½%	C. Hoare & Co. ......†	9½%
Allied Irish Bank	9½%	Hong Kong & Shanghai	9½%
Amro Bank	9½%	Johnson Matthey Bkrs	9½%
Henry Ansbacher	9½%	Knowsley & Co. Ltd	10½%
Armco Trust Ltd.	10½%	Lloyds Bank	9½%
Associates Cap. Corp.	9½%	Mallinhall Limited	10 %
Banco de Bilbao	9½%	Edward Manson & Co.	10½%
Bank Hapoalim	9½%	Meghraj and Sons Ltd.	9½%
BCCI	9½%	Midland Bank	9½%
Bank of Ireland	9½%	■ Morgan Grenfell	9½%
Bank of Cyprus	9½%	Mount Credit Corp. Ltd.	9½%
Bank of India	9½%	National Bk. of Kuwait	9½%
Bank of Scotland	9½%	National Girobank	9½%
Banque Belge Ltd	9½%	National Westminster	9½%
Barclays Bank	9½%	Norwich Gen. Tst.	9½%
Beneficial Trust Ltd.	10½%	People's Tst. & Sv. Ltd.	10½%
Brit Bank of Mid. East	9½%	Provincial Tst. Ltd	11%
■ Brown Shipley	9½%	R. Raphael & Sons	9½%
CL Bank Nederland	9½%	P. S. Refson	9½%
Canada Perm'nt Trust	9½%	Roxburghe Guarantee	10 %
Cayzer Ltd	9½%	Royal Bk. of Scotland	9½%
Cedar Holdings	11 %	Royal Trust Co. Canada	9½%
■ Charterhouse Japhet	9½%	■ J Henry Schroder Wagg	9½%
Choulartons	**	Standard Chartered ...‖	9½%
Citibank NA	9½%	Trade Dev. Bank	9½%
Citibank Savings ......¶	10½%	TCB	9½%
Clydesdale Bank	9½%	Trustee Savings Bank	9½%
C. E. Coates & Co. Ltd.	10½%	United Bank of Kuwait	9½%
Comm. Bk. N. East	9½%	United Mizrahi Bank	9½%
Consolidated Credits	9½%	Westpac Banking Corp.	9½%
Co-operative Bank ...*	9½%	Whiteaway Laidlaw	10 %
The Cyprus Popular Bk	9½%	Williams & Glyn's	9½%
Dunbar & Co. Ltd.	9½%	Wintrust Secs. Ltd.	9½%
Duncan Lawrie	9½%	Yorkshire Bank	9½%
E. T. Trust	10 %		
Exeter Trust Ltd	10 %		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	11 %		
■ Robert Fleming & Co.	9½%		
Robert Fraser & Ptns.	10 %		
Grindlays Bank ......‡	9½%		
■ Guinness Mahon	9½%		
■ Hambros Bank	9½%		
Heritable & Gen. Trust	9½%		
■ Hill Samuel ......§	9½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.25%; 1 month 7.00%. Fixed rate 12 months £2,500 8.75%, £10,000 12 months 9.00%.
† 7-day deposits on sums of under £10,000 6¾%, £10,000 up to £50,000 7¼%, £50,000 and over 8%.
‡ Call deposits £1,000 and over 6¾%.
‖ 21-day deposits over £1,000 7¼%.
¶ Mortgage base rates.
§ Demand deposits 6%.
** See Provincial Trust Ltd.

RESOURCES REVIEW

Uranium: why the 1970s boom did not last

By Andrew Gowers

WHATEVER happened to uranium? Ten years ago, as panic gripped the oil market, it was in the throes of a major boom which saw companies scramble for exploration rights, power-generating utilities indulge in an unprecedented buying spree, and prices rocket in a manner almost without parallel for any commodity.

Now, the spot price is at its lowest level since 1975, demand is stagnant and looks likely to remain so, and commercial exploration is all but dead.

Extinct, too, is the apparently boundless optimism with which energy forecasters viewed the prospects for what as recently as the 1960s was an entirely new fuel. What went wrong?

In 1970, the Organisation for Economic Co-operation and Development (OECD) was predicting that installed nuclear capacity in the industrialised world would multiply by a factor of 34, to 610 gigawatts (gigawatt = 1,000 Mw) within 15 years. The 1973 oil shock, so the conventional wisdom of the time had it, only reinforced the need for the cheaper-to-run nuclear alternative.

Many of the world's top mining companies took such predictions as a cue to pile into the business or to step up their involvement dramatically. Several oil majors, too, such as Conoco, Sohio and Gulf, saw rich pickings and invested some of their growing cash mountains in uranium mining. (None of those three now has an operating uranium mine, and none displays any enthusiasm for the mineral.)

Production of "yellowcake," as the uranium concentrate produced after mining and milling is known, duly exploded. Between 1970 and its peak in 1980, output of uranium oxide (U_3O_8) approximately doubled.

The problem is that demand did not keep pace. This year, according to the London-based Uranium Institute, the member companies and utilities of which have produced an authoritative study of the industry,* nuclear capacity will probably turn out to be around one-third of the level predicted in 1970.

One reason for this is that recession has curbed the West's appetite for electricity.

Another problem is that construction of nuclear reactors has frequently been slowed by regulatory delays.

Politics has done the rest. Growing opposition in Europe, Japan and the U.S. cast a growing shadow over the industry through the 1970s, just as it was supposed to be booming. The accident at America's Three Mile Island power station in 1979 substantially hastened the trend, leading to a moratorium on new U.S. orders.

Since 1972, regulatory, political and economic problems have caused the cancellation of more than 100 planned nuclear reactors in the U.S. alone. In Europe and Japan, too, construction and ordering of new plants has slowed markedly. Only France has pressed ahead with a major nuclear programme; in the UK, the present Sizewell inquiry serves as a constant reminder of the agonies which accompany any proposal for the industry's growth.

As for developing countries, many Western states are anxious to restrict their access to nuclear technology because of fears over the proliferation of nuclear weapons.

For uranium, these developments have meant a complete reversal of fortunes:

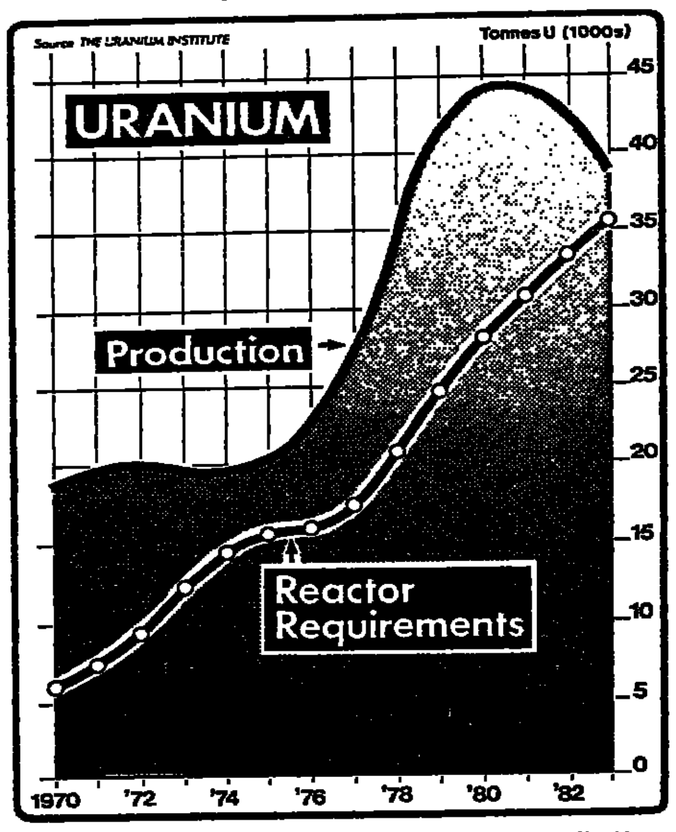
● From being a seller's market, it has turned into a buyer's. The spot price, admittedly an indicator of limited use given that only about 5 per cent of world uranium production is openly traded, leapt from nowhere to more than $43 per pound in the second half of the 1970s, but it is now back to around $15.50 a pound. Prices in long-term contracts, which still account for the vast bulk of uranium sales, have not fallen so far, but many are being re-negotiated downwards. They now range between about $29 and $35 a pound.

● From being a market dominated by the perceived need to secure reliable supplies, it is now overwhelmed by stocks equivalent to at least four years' consumption—and possibly as much as six years'.

Cautious utilities generally consider two years' forward supply to be ample insurance. But stocks have been growing steadily owing to over-production; recently supply and demand appear to have come back into balance, but that is thought unlikely to presage a reduction in the uranium mountains.

There is over-supply at every stage of the complex uranium production process. World mining capacity has grown by 3 per cent since 1980, despite the lack of demand for new supplies. The Uranium Institute estimates that only about 70 per cent of that capacity on average is being used.

At the same time, capacity for enriching uranium—the vital prelude to its use in a nuclear reactor—has substantially exceeded utilities' requirements for at least the last 10 years. This was mainly because the U.S. Department of Energy, which until recently had a world monopoly on enriching, used to lock its customers into long-term supply contracts which supplied them with much more enriched uranium than they turned out to need. Lately, surplus enrichment capacity has grown further, with France, the Soviet Union and the European Consortium Urenco all offering alternative facilities.



Bob Hutchison

Small wonder, then, that utilities have become extremely reluctant to commit themselves to new long-term supply contracts, and that exploration for uranium has plummeted. Between 1980 and 1983, spending on exploration almost exactly halved.

"There are virtually no long-term contracts being let in the world at the moment," says a senior uranium procurement executive with one Western utility.

Existing contracts are likely to satisfy more than 90 per cent of demand in the next few years; for the rest, electricity companies are finding it much simpler to buy relatively cheap supplies on the open market than to tie themselves down with new long-term agreements. Even Britain, whose single long-term contract, with Rio Tinto Zinc's Rössing mine in Namibia, lapses this year, is in no hurry to conclude new deals.

There is certainly no shortage of spot supplies. Many U.S. electricity companies, hit in recent years by reactor cancellations and high interest rates, have been selling their unwanted stocks in distress. So, too, have utilities in Italy and Spain, whose nuclear programmes look distinctly feeble.

Few people in the industry believe that the pattern will change much for the rest of the decade. The American uranium broker Nuexco estimates that sales of low-enriched uranium by consumers, together with recent adjustments in U.S. enrichment policy designed to make it more competitive, will bring sufficient supplies on to the spot market to fill virtually all currently unsatisfied demand until 1989.

As if that were not enough to deter any company thinking quick look at the structure of of prospecting for uranium, a quick look at the structure of the mining industry underscores the point. For one of the main consequences of the market collapse in recent years has been a severe shakeout among the mines, in which the high-cost U.S. producers have been displaced by a new generation of cheap-to-run Canadian and Australian mines. Between 1980 and 1983, American uranium production capacity declined by one third, while that of other countries increased by 28 per cent.

Canada has now overtaken the U.S. as the world's number one uranium producer — a matter of glee north of the border, where the Americans have still not been forgiven for shutting out Canadian supplies in the 1960s.

Even leaving aside the sales of stocks, there is little prospect that production from existing uranium mines will fall below total demand before the 1990s. Furthermore, there are another 54 projects in various patrs of the world at an advanced stage of evolution. The Uranium Institute estimates that these could eventually bring additional annual output of 50,000 tonnes on to the market.

Big deposits in the Canadian province of Saskatchewan, including one discovered at Cigar Lake this autumn with what is believed to be the world's highest grade uranium, appear to have an almost unlimited capacity to expand at very little extra cost. Their temptation to do so in order to hold down unit costs while the world market remains weak may be great.

"Saskatchewan is to uranium what Chile is to copper: a state-owned, low-cost producer, not too bothered about putting high-cost producers out of business," said one expert with a large mining company.

In Australia, too, there is potential for an enormous increase in production, although development has been significantly slowed down by the Labour Government.

Mining companies, particularly in the U.S., have found there is simply no quick return to be had in the business.

Conoco has shut its South Texas uranium mine for good, while mines in New Mexico belonging to Sohio's Kennecott subsidiary and Gulf have been put on apparently indefinite standby.

Yet even if the commercial reasons for mining uranium are in decline, the world's utilities have not altogether given up worying about supplies. Companies from several consuming countries, led by France's state-owned uranium company Cogema, are devoting considerable resources to prospecting on their own behalf, and ownership of uranium capacity has been gradually shifting towards consumers.

The driving force behind such diversification is strategic: utilities want to insulate themselves from politically-inspired disruptions such as the one-year export embargo imposed by Canada in 1977 or the unpredictability of Australia as a uranium exporter. They are also aware that large quantities of uranium come from such potentially volatile areas as West Africa (Gabon and Niger) or Namibia.

Buyers are thus not deterred by the fact that they have to pay prices up to double the spot level for their long-term supplies. As one utility manager put it: "The policy of diversification implies that you're prepared to pay different prices." A mining company executive called higher term prices "an insurance premium."

Further ahead lurks a more ominous threat to uranium demand: technological advance. Although the fuel accounts for a relatively small proportion of a nuclear reactor's cost, developments are in hand to reduce uranium use considerably.

New operating techniques for existing reactors could improve their fuel efficiency by up to 15 per cent. Reactor types likely to be introduced in the future such as the fast breeder would bring further savings.

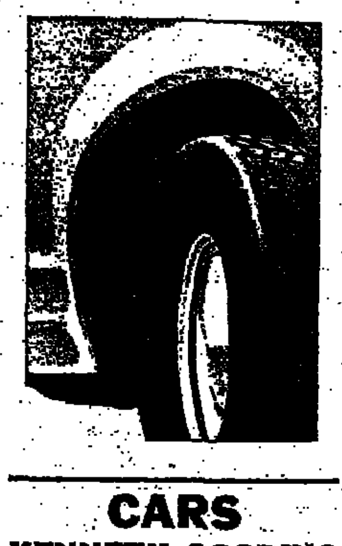
And reprocessing of used uranium and plutonium for use a second time could well play a greater role in the industry. The Uranium Institute reckons that recycling of spent fuel could curb the growth in uranium consumption more than all the other uranium-saving measures combined by the end of the century.

Any mining company interested in looking for new supplies would have to be taking a long view indeed. As one uranium procurement executive put it: "Anybody exploring for uranium now is unlikely to get any return before the year 2000."

**Uranium Supply and Demand — perspectives to 1995; the Uranium Institute, 1984; £17.*

Forecasts 1985

U.S. poised to stay in top gear



CARS
KENNETH GOODING

THE MOOD differs in each of the three main production regions as the motor industry prepares itself for the second half of the 1980s. The U.S. manufacturers are brimming with self-confidence. Morale among the Western Europeans is low. The Japanese are making their plans in the knowledge that the fast growth in car output in Japan can no longer be sustained and that in future they must build more cars overseas.

The U.S. last year returned to its traditional role as the engine of the motor industry world-wide. And there is every reason to suppose it will maintain that position in 1985.

Certainly there is an almost tangible feeling of renewed confidence among U.S. manufacturers. They are absolutely sure that they are part of a "sunrise" *industry, not a moribund one*. The car makers insist they are ready and able to harness the new microchip technologies for use in their products and manufacturing processes in a manner available to few traditional manufacturing industries.

The two major American groups, General Motors and Ford, have also with their latest contracts with the union, the UAW, moved away from simple pay and conditions bargaining to an agreement which gives labour more security in exchange for promises of more flexible working practices.

Agreements of this type will be a key factor if the motor industry in the industrialised countries is to adapt to rapidly-changing conditions in demand and technology and to stay ahead of the newly industralising countries where labour relations have not reached the same degree of rigidity or maturity.

The car manufacturers are also quite sure that, while demand will not grow at the same pace as in the 1960s and 1970s, there will be growth.

The latest OECD forecasts suggests that growth for cars world-wide could well be about 2 per cent a year for the whole of the period from 1980 to 2000. But it will be lower in the industrialised countries where the saturation level is nearly reached and where replacement demand will be around 85 per cent of the total.

The effect of this, according to the OECD secretariat, is that by 1990 annual new car sales could be 25 per cent higher than the 30m for 1980 and then rise by another 22 per cent by the year 2000.

With this kind of growth the industry could probably employ the same number of people as today—but technically educated workers will replace unskilled ones.

The recently-published Future *of the Automobile study from* the Massachusetts Institute of Technology was less optimistic and predicted that employment in the industry between 1979 and 2000 would fall by 1.36m or 37 per cent.

However, since 1979 there have already been major job losses in West Germany, Italy and the UK as well as the U.S. In 1985 the attrition in the French industry can be expected to continued with major cutbacks at Renault and Citroen already in the pipeline.

In the near future, much will depend on the U.S. market—the Japanese and Western European car producers need healthy American demand as much as the U.S. companies.

Demand for new cars in the U.S. continued its strong recovery last year and sales reached about 10.5m, compared with 9.1m in *1983*, though *still* below the peak 11.4m in 1973.

Sales are widely expected to level off in 1985. At GM, for example, Mr Roger Smith, the chairman, is forecasting that 10.7m cars will be sold this year.

Boosted by domestic demand, *car production in the* U.S. last year overtook that of Japan for the first time in four years—an estimated 7.9m cars compared with 7.3m in Japan.

For European companies with a reasonable presence in the U.S., last year provided a golden opportunity to make substantial profits by selling cars for highly-priced dollars.

The U.S. companies also made record profits, something like $10bn between them, up from $6.4bn in 1983. They would claim this was due to the rationalisation and streamlining of their domestic operations during the past few yers coupled with a massive $80bn investment in new production technology and new products.

Some critics suggest, however, that at least part of the record profit came from the protection afforded *the U.S. manufacturers* by the import restraints agreed between the Japanese and American governments which limited Japanese car sales to 1.85m in the year to March 1985.

So a key question for 1985—not to be answered for another *month or two*—is *whether* the restrictions of Japanese car shipments to the U.S. will continue and, if so, at what level in 1985-86.

Some cynics suggest that those Japanese companies with well-established positions in the U.S. are not too worried. The Japanese learned long ago how to make the most of a bad job by carefully adjusting prices upwards to compensate for restraints on volume.

Ironically, General Motors has as much to gain from an end to restrictions as any Japanese company because it hopes in *1985* to import about 270,000 small cars from its affiliates in Japan, Isuzu and Suzuki, to fill the gap at the bottom of its car range in the U.S. GM admits that for the time being it cannot produce small cars profitably in the U.S.

Toyota, largest of the Japanese producers, seems to be taking a cautious view. Mr Shoichiro Toyoda, its president, says that the company's production for export can be expected to rise only 2 per cent to 1.82m this year, reflecting the uncertain outlook for exports to the U.S. and a *continuing slowdown* in sales to the Middle East.

Protectionism of various kinds is becoming endemic in the motor industry and, as far as the U.S. is concerned, has forced the Japanese to think about moving some assembly out of Japan to America. Honda, Mazda, Mitsubishi and Nissan as well as Toyota are in the process of setting up car assembly facilities in the U.S.

As a result we can expect that in the 1990s over 1m cars produced in the U.S. will be of Japanese extraction and use major components such as engines and transmissions shipped from Japan.

In their home market the Japanese do not expect the severity of competition to ease this year.

However, the Japanese have been able to remain profitable *because of their strong position* in the U.S.

By contrast, the Western European motor industry has just emerged from its fifth successive year of losses.

The industry world-wide has the capacity to produce 5m more cars than it can sell and 2.5m of that excess capacity is in Western Europe. As a result, price competition is more severe than at any time since the 1920s.

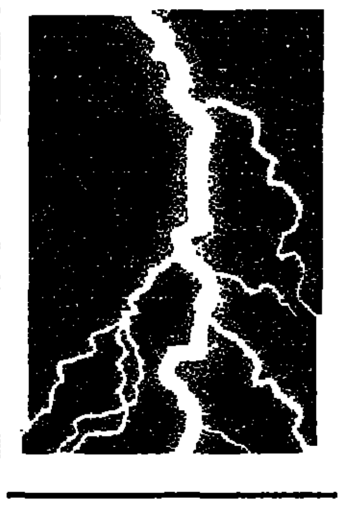
The car makers claims that the European Commission's determination to bring pre-tax *car prices throughout the Community* more into line with regulations which came into effect this month will make their financial position worse.

They are also faced with having to re-direct scarce engineering resources to work on car emission controls—a subject which has the manufacturers squabbling among themselves and will be a key issue in Europe this year.

FORECASTS OF CAR PRODUCTION 1985
(millions)

	Economist Intelligence Unit		DRI Europe	Automotive Research & Management Consultants
	1984 (est.)	1985	1985	1985
U.S.	7.8	7.75	7.58	8.3
Canada	1.055	1.01	1.059	1.12
W. Germany	4.0	4.15	3.828	3.8
France	2.84	2.98	2.77	2.9
Italy	1.48	1.49	1.5	1.58
Japan	7.2	7.25	7.444	7.4
Spain	1.15	1.2	1.23	1.23
UK	0.965	0.945	1.01	0.96

A flawed consensus argument



ENERGY
IAN HARGREAVES

IT IS a sign of the times that one of the more interesting publications to emerge from the energy industry last year was entitled: "The future of oil prices: the perils of prophecy."

The work of Arthur Andersen, the accountants, and Cambridge Energy Research Associates, it was primarily designed as a user's guide to forecasts. But it also, quite rightly noted the tendency of energy people not only to make wrong forecasts, but to cluster around the *same* wrong forecasts.

The report identified four vintages of consensus forecast in the 1970s — from "easy oil" to "Opec in the driver's seat" — before attempting to uncork the Clairvoyance Nouveau; the latest industry consensus.

According to the authors, the new vintage is entitled "Opec's eventual comeback." Versions of it have been heard in recent months from British Petroleum, Royal Dutch/Shell, the International Energy Agency, the European Commission and the many other bodies who for reasons of either vested or public interest feel moved to warn the industrialised world against lulling itself into a state of complacency about oil supplies and prices akin to the "easy oil" mood of the 1960s.

It is certainly a rational thesis. It states that with oil in surplus, prices will either fall or remain stable in real terms in the next five years. This will rekindle demand and since the non-Opec world probably cannot increase output, Opec will recover its market share and its power to raise prices.

There are several persuasive supporting arguments for this case. Refinery overcapacity (still over 30 per cent in Europe and over 20 per cent in the U.S.) which has the effect of *stimulating aggressive oil produce* trading and lower prices —is, slowly but surely, being reduced. By 1990, refining should no longer be a running sore for Opec and the oil industry.

Moreover, according to research by Chase Manhattan, the fall in oil prices has been reflected in a sharp drop in oil industry capital spending from $94.9bn in 1982 to $61.7bn in 1983. Although the position recovered slightly last year to $64.2bn, thanks to an increase in outlays by the majors, the damage is done. There will be a lag somewhere in the late 1980s in the amount of new non-Opec oil available for production.

The world oil rig count is about 5 per cent higher than it was a year ago—suggesting a gradual improvement in conditions for the oil services sector—but not the boom which many were predicting one year ago for 1985. The U.S. independent oil industry still has too much debt at a time of falling prices to permit a full cyclical recovery.

There are, however, flaws in the consensus arguments. For a start, demand for oil may not recover to any significant extent. Oil demand in the developed world rose by around 3.3 per cent in 1984, but the momentum has faded with the slowdown in U.S. and Japanese growth.

Several City of London economists expect oil demand to fall this year, although the consensus is closer to the 1 per cent growth predicted by the IEA. Texaco recently came up with a figure of 1.5 per cent. Oil demand, it seems, is growing at around one-third the rate of overall economic growth. Opec's strategy in early 1983 of allowing prices to fall in order to stimulate demand has been subverted by the strength of the dollar—oil prices expressed in European currencies rose last year.

It is also quite clear that the substitution of oil by other fuels is continuing apace. The spectacular growth in energy demand in the Pacific region in the first half of 1984 (up 8.9 per *cent on the same period of* 1983) was primarily accounted for by growth in natural gas (28.4 per cent) and solid fuels (12.1 per cent). The world does not only have more oil than it needs; it has too much energy. As the UK Government has discovered during its coalminers' strike, this over-investment in energy can be useful in a crisis.

Few forecasters doubt that the switch away from oil will continue, despite the shaky price outlook. One of the most comprehensive energy forecasts published last year—Chevron's Energy Outlook to the Year 2000—foresaw non-Communist world energy consumption growing at 2.4 per cent a year or two-thirds the rate of GNP growth. This translates in Chevron's view into 1.2 per cent a year growth for oil, 2.8 per cent for natural gas, 3.4 per cent for coal and 6.2 per cent for nuclear power. Growth in nuclear power is expected primarily in Europe and Asia, since the U.S. continues in its post Harrisburg slumber.

> It is clear that the substitution of oil by other fuels is continuing apace

These projections do not, however, necessarily imply any early boom for producers of other forms of energy.

Coal exporters, for example, have been enjoying sharp increases in demand for steam coal, but not for metallurgical coal. Because of over-investment in the past, they have also been screwed down on price by the main importers, notably by Japan.

The outcome of Britain's coal strike will also have a significant, though unpredictable, impact upon world markets. Its main and immediate effect will be further to undermine the oil price as Britain's electricity industry cuts its fuel oil purchases. A cut of 500,000 b/d of incremental demand will be a big jolt in current market conditions. For the world coal trade, the negative effect of a major producer *returning to* full output will be offset to some extent by the need to rebuild UK coal stockpiles. But the main unknown is what policy the UK Government will adopt on coal imports beyond the strike.

Like coal, gas is also in surplus — with the result that European free-market gas contract prices have fallen along with oil prices, although calculations are destabilised by fluctuating exchange rates — as Britain found in its negotiations with Norway for the purchase of Sleipner gas. Weak prices, however, are good for demand.

In the U.S., demand is also growing sufficiently strongly for the gas bubble to seem less of a problem. Demand was up in 1984 for the first time in four years.

Some forecasters think the latest phase in the deregulation of U.S. gas prices this month will be sufficient for gas to make major inroads into the industrial and utility market for oil in the next two years—*—another reason to believe that* the oil price has nowhere to go but down. How far down is, as ever, the main question in the energy world, but predictions of $20 a barrel are no longer the preserve of extremists.

But, as every energy conference these days is told at least ten times, the only certain thing about the future is uncertainty.

The interesting point is how, in the face of that uncertainty, the energy, industries and Governments learn to live with fluctuating prices and commodity market conditions. The de-integration of the oil industry in the last ten years, the continuing merger wave and the rise of the spot and futures markets in oil trading perhaps indicate a deeper trend for the energy world.

Gas is in the process of *becoming a more freely traded* commodity too; electricity, through grid interconnections, is moving very slowly in a similar direction. In the U.S. and to a degree in the UK, the state is trying to disengage itself from excessive intervention in energy matters. The next few years will reveal whether these are merely the politics of the glut or a durable renewal of commitment to market forces.

THE PROPERTY MARKET BY MICHAEL CASSELL

Rodamco still reaching out

RODAMCO, the rapidly expanding Dutch property investment fund, has run into a cash problem. "We have to much of it," says Rudolphus Hendriks, assistant managing director of an operation which has made a name for itself in the five years since it was set up.

Part of the Robeco group, Rodamco was established to provide a property investment vehicle for institutional and private customers. By pursuing an aggressive spending programme, it has quickly created an international portfolio which is now valued at around £300m.

The fund has another £35m invested in property shares, including useful holdings in two major UK property groups. It currently owns about 10 per cent of Haslemere Estates and 5 per cent of Land Securities, the country's largest property company.

Investors who got in at the start have seen the value of their holdings rise at an annual rate approaching 11 per cent and Hendriks says that, apart from the good performance, institutions and individuals alike have been attracted by the portfolio spread and the comparatively low risks involved.

Now Rodamco is apparently flush with available investment funds, not least because while some of the big-spending Dutch institutions have cut their holdings in domestic property companies—who have not been having a very easy time—they are still keen on building up their overall real estate exposure.

"We have around £170m in available cash and are anxious to use it in expanding our international portfolio still further. In our last financial year, the number of issued shares rose by nearly 50 per cent and we see no signs of a reduction in interest. The problem is finding the right type of property."

The open-ended fund, which has stock exchange quotations in Amsterdam, Antwerp, Brussels and Paris, already claims to be bigger than all the other Dutch property funds put together. It aims for a blend of income and capital appreciation and has tended to concentrate on retail and office investments.

The majority of its portfolio —around 61 per cent by value— is in the U.S., where it has recently increased its shareholding in Hexalon Real Estate to 48.6 *per cent*. Hexalon owns 18 major properties with a market value approaching £200m.

Shopping centres rank high on the list of portfolio properties and Hexalon has major retail investments in Atlanta, Cleveland, Toledo and Wayne, New Jersey. Office investments include a 400,000 sq ft building at 100 Wall Street, New York—purchased in 1984 by swapping four of its existing properties—another major property on Fifth Avenue and a third in the heart of Boston.

The majority of Rodamco's other property interests are spread around the globe, principally in Holland, West Germany, the UK, Belgium and France. It has shares in Mitsui Real Estate and Mitsubishi Real Estate in Japan and soon expects to make *its first joint*-venture investment in Australia.

Rodamco believes that the outlook for growth in Europe generally remains fairly bleak and it is much more excited about prospects in the United States and the Far East. Even so, it is working on the acquisition of a private investment portfolio in Paris which is likely to cost it around £60m.

According to Hendriks: "We would like to increase our exposure in the UK, where our investments are at present worth around £12m. One day *we will find a direct investment* which suits us, but with yields at present levels it just does not make sense. For the time being we are much more interested in getting UK institutions to invest in us."

Scrimgeour's winning team splits up

WINNING the 1984 Christmas property quiz looks like being among the last team efforts mounted by the property men at Scrimgeour Kemp-Gee.

The victorious foursome, who won outright in 1983 and shared the honours in 1982, sent in their winning entry and then revealed that the team is breaking up.

Both Alan Carter and Gareth Evans are joining WICO Galloway Pearson, the Exco stockbroking operation, *while* William Martin is leaving to join Caltrust Property Holdings. No doubt Naresh Gudka, the only team member to remain, will *still split* the jeroboam of champagne

PICTURE QUESTIONS: (a) Michael Wand left the Docklands Development Corporation to join Trafalgar House and Sir Nigel Broackes, former LDDC chairman. (b) 1, English Estates; 2, AMEC Properties; 3, Dimsdale Developments; 4, Hillier Parker May & Rowden; 5, Scottish Metropolitan Property; 6, Cussins Property; 7, Hanover Investments; 8, Scottish Development Agency. (c) Danny Desmond of Hunting Gate, which is developing a business park in Letchworth Garden City.

1—Greycoat Commercial finally backed out of Coin Street *on the south bank of* the Thames.

2—Richard Ellis got a writ from ESN over the Trocadero at Piccadilly Circus.

3—The Rowe & Pitman Property Services team.

4—Merrill Lynch signed for 4m sq ft in the World Financial Centre, Battery Park, New York.

5—Paul Orchard-Lisle was made an Aide de Camp to the Queen.

6—The Department of Health and Social Security, in agreeing terms on the sale of part of the St George's Hospital site to Grosvenor Estate.

7—Ronald Shuck was suspended, and later sacked, as chief executive of Espley Tyas by Ronnie Aitken, the chairman.

8—Through London & Leeds, Mr Stein was *refurbishing 100* Piccadilly, once the Public Schools Club.

9—Geoffrey Powell retired from Gerald Eve and became deputy chairman of the Local Government Boundary Commission.

10—*City Industrial Developments* is to restore the Royal Agricultural Hall.

11—The management contract for a part of ESN's investment portfolio went from Richard Ellis in Berkley Square to Debenham Tewsons in the City.

12—Wates City of London Properties in an offer for sale through Morgan Grenfell.

13—The Post Office.

14—Number 111 Buckingham Gate. Mr Flanagan's bronze "Leaping Hare" occupies some floorspace.

15—Dick Luff left his job as surveyor to the City of London and became director *of property* management at British Telecom.

16—Prince Charles.

17—Hugh Jenkins, who is leaving the NCB pension funds to join Heron International.

18—The property forms part of the Rank portfolio, purchased by British Land.

19—Sir Nigel Broackes.

20—The Guinness family is selling its Canadian property interests, including the Marine Building in Vancouver.

21—Connells of Luton got a Stock Exchange listing.

22—Arthur Scargill, in attempting to prevent NCB pension fund investment abroad.

23—Triton Court, Royal London's City office development, has used the names for its three buildings.

24—Montague Alfred, chief *executive of the Property Services* Agency.

25—PACT—the property agents computer team was wound up.

26—Richard Ingrams, editor of Private Eye, at an RIBA lecture.

27—Cornhill House, which appears finally to have been let.

28—MEPC sold its Zimbabwe portfolio to Old Mutual and the cash raised, being non-remittable to the UK, was invested in local bonds.

29—Hammerson, in buying the Mascan portfolio, which includes the Square One shopping centre.

30—London & Leeds has sold a half-share in its Manhattan Tower office project to Sumitomo Life. The building is close to the Four Seasons restaurant.

31—P & O sold its former *Leadenhall Street headquarters* to Union Bank of Switzerland.

32—Townsend Thoresen bought the former Christies warehouse at Victoria.

33—Michael Slade, former president of the FIABCI British chapter, will be running Helical *Properties, part of Helical Bars*.

34—The Crown Agents' Millbank building.

35—The Holme, in Regents Park.

Foreign investors await fall in Dollar

FOREIGN investors deterred from buying American real estate by the continuing strength of the dollar could get their chance in 1985, according to Stan Ross, co-managing partner of Kenneth Leventhal, the U.S. accountants specialising in property.

Ross says that the prospect of lower interest rates and a declining dollar is already provoking a fresh wave of interest among overseas investors, who in 1984 were invariably forced to sit on the sidelines.

Apparently unperturbed by the still-rising stocks of vacant floorspace or the reluctance of the dollar to show any signs of weakness, Ross believes 1985 could see a big rise in foreign investment in U.S. real estate: "Overseas investors are already showing signs of greater interest in anticipation of a drop in the dollar's value.

"They believe there will be a greater future appreciation in U.S. real estate compared to other markets. That prospect, combined with the stability of the U.S. Government, makes real estate investment in America highly *attractive*."

In spite of the continuing weakness in the direct marketplace, Ross predicts 1985 will be a strong year for the U.S. real estate industry, even though proposed changes in tax shelter provisions mean property will have to compete more on a yield equivalent basis, rather than on any projected tax benefits.

The only trouble with his scenario is that U.S. real estate yields are tumbling from their historically high levels, forced down by weight of investment money. If the dollar itself takes a tumble, the doors may well open wider for foreign property investors, though will not necessarily be able to expect the same sort of initial returns which once went with American real estate. In the longer-term, the market must still be good news.

● Ortem Developments, an MEPC subsidiary, has paid £1.9m for a 2.3 acre development site in Easthampstead Road, Bracknell, owned by Richardsons, Westgarth. A 61,500 *sq ft scheme will* be built. Ridley and Co and King and Co acted for the vendors.

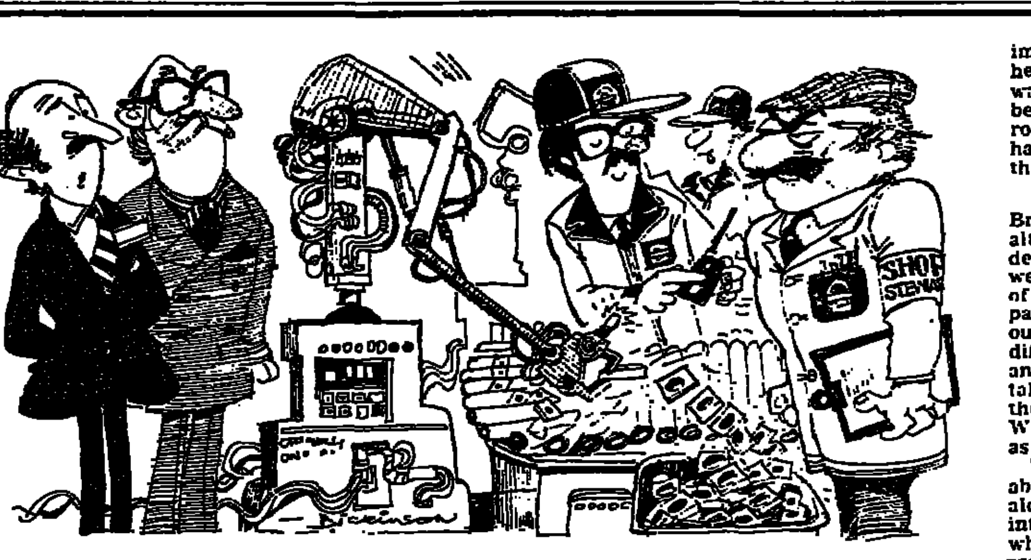
● Royal Inurance is to develop a major retail and office scheme in Exchange Street, Manchester. There will be 24,000 sq ft of shopping space and 45,000 sq ft of offices. To be financed by the Royal Insurance Group Pension Fund, the project will have a completed investment value of about £9m. The scheme follows the successful development of Cavern Walks, Liverpool, by Royal Life.

● Nomura International, which recently agreed terms to pre-lease Centurion House in the City, has asked Jones Lang Wootton to dispose of their two existing City properties. The bulk of the space is in the company's present 35,000 sq ft headquarters at 3 Gracechurch Street, with another 4,000 sq ft at 85 Gracechurch Street.

View from the front line

The 'breakout' phase follows survival

The finance director of a medium-sized engineering company in the North West sends a further despatch



"We've got them to accept Japanese work practices—now all we need is a Black Belt in wage negotiation"

WE ARE not exactly a smoke-stack industry, but we have some pretty grimy corners. Compared with a bright, new factory making computer components somewhere in the Thames Valley, we are only a few steps away from being a dark satanic mill. Yet we are still a major employer in the locality, despite major redundancies, and our demise would generate economic hardship for miles around.

It is surely the failure of such mature businesses as ours that has been one of the main causes of the rapid rise in unemployment. And an equally important consequence is the new imbalance between imported and exported manufacturerd goods—we export over a third of our production.

If we, an eponymous British manufacturing unit, unpretentious and devoid of glamour, can survive and perhaps prosper then so can a large part of all the remaining mature organisations in the U.K. This seems vital when it is obvious that neither the sunrise industries nor the services sector is providing alternative employment—and wealth—on anything like the required scale, especially in the North West of England. The picture might be different south of Watford, but here in the North, it will largely be the regeneration of mature manufacturing businesses which will keep the region alive.

We have used 1984 to think long and hard about our longer term survival and meeting competition from Europe and the Far East. The management style which brought us back from the brink may not be appropriate in the future. Improbable though it seems, it makes sense to portray the problems we face and the possible solutions as a wheel. It is a good means of communicating what is needed.

The wheel's circumference is our external environment which embraces our markets. We have learned to segment these more and more, measuring the contribution each segment gives and then adapting our marketing strategy accordingly. Our competitors deploy good technology in modern factories and compared with some West German competitors we are still overmanned. Government, nationalised industries and economics generally impinge all the time.

The "actions" part of the wheel is divided into quarters under the headings "culture," "resources," "systems" and "people." Push at one of the quarters and the wheel turns round bringing a different but related set of problems. It is a useful way of showing that problems and solutions cannot have an independent existence. They act and react on each other.

Amusement

● **Culture.** Culture is not a word that we used to use very often.

Once one of our secretaries typed "the company's vulture must change" in one report, a mistake which still causes amusement. We think "culture" describes attitudes and relationships, value systems, what things are done and how they are achieved. We need an organisation which has economic *reality written on its heart*, where everybody accepts profit and cash as important, where costs are incurred only when they are inevitable and objectives, once agreed, are achieved come what may.

To advance cultural change we have designed a finance course with the help of university people based around the company's results for the past 10 years and for good measure thrown in the 1985 profit plan as well. The main aim of the course is to ensure that there is a consensus on what went wrong with the company, what actions stopped it from going over the brink and what needs to happen now.

The full panoply of results with ratio analysis covering every possible aspect of the business came, surprisingly, as a shock to many managers. Yet we thought we had communicated the financial results from one month to another as well as possible. The associated case studies ranging from "Where did we go wrong?" to "How do we achieve 25 per cent return on capital employed on a consistent basis?" were simple but extended managers who had probably got bogged down in their own functions and had lost the art of cross-functional thinking and teamwork.

Mixed union and management groups were proposed initially but were not welcomed by senior managers keen to work through their own responses to past crises and future plans. Extension to union groups is, however, a part of the programme, despite the personnel manager's warning that we may be opening a Pandora's Box which will be difficult to shut in future.

Those other Japanese traits—simplicity in everything done in the company, attention to detail, minimum employment of staff functionaries plus recognition of the importance of the shopfloor—all make a lot of sense. Even the financial director now does a daily tour of the factory.

● **Resources:** Our first robot now operates energetically if not completely tirelessly in a corner of the works. In an early design drawing it was painted red to differentiate it from the surrounding conventional technology—hence the nickname "Red Robbo." Robots within simple flexible manufacturing cells, where the people employed are given as much autonomy as possible and with pay related to things other than effort, seems to be the way to compete with the cheap producers in the Far East.

The risks are very real. We have not introduced major capital items for some time and our project control is rusty. We cannot afford to fail.

The generation of profit and cash from our old plant may *yet be insufficient to complete* the immense re-equipping that needs to be done. That race has to be won.

Immense effort has been put into producing cash. This is now a never-ending activity. We will never again make the mistake of believing that profit was all important and then having to borrow from the banks when cash ran out.

Other resources have to be used sparingly. Japanese reject rates in comparative activities seem almost unreal. Equalling them (as we must) needs process controls, performance from local management and cultural changes which we are still developing. We have designated 1985 "Quality Year."

● **Systems.** Two years ago, a strategic option was anything that lasted three months. Profit planning as such was irrelevant. Now we see it as the vehicle which can be used to enable all levels of management to participate in, debate and be committed to the actions which will ensure the company's future. It records objectives and action plans to achieve them. It shows what controls will monitor the actions.

Following the finance course we have instituted a second bite at the 1985 plan. Groups of senior managers are using those tired business school clichés of eliminating weaknesses and building on strengths and generally getting down to review the plan in a way we have never done before.

Computer systems development was once an arcane pursuit carried on in the management services department. Now just about everyone wants a computer terminal linked to the mainframe or at *least a personal computer*. Without computers our business would grind to a halt in a week. They provide us with the means of employing fewer people yet at the same time we are improving control over working capital, monitoring our activities better than we have ever done and carrying out mundane tasks like order processing at an unheard-of pace.

Disaffected

● **People.** Our 1984 pay disputes went on until early autumn. The disruption to deliveries was so great that we came within a week of losing major contracts. At one stage we brought the disaffected people together in small groups to tell them about the company's trading position. We asked "If you want a 6 per cent pay rise and we are only getting a 2.6 per cent price rise how is the difference to be made up?" The answer was inevitable. "That is a management problem."

While it is now accepted by employees generally that profit must be earned if the company is to survive, the logic of wage rates related to productivity, product price rises and cost rises of all kinds and their impact on jobs if profit is to be improved, is not. We are not helped by the years when there was always a little bit more to be squeezed from the pay round. The Japanese are perhaps better managers because they say "No" and mean it.

As in many other parts of British industry in 1984 the alternatives relating to the pay deal were cruel. It seemed that we either lost important parts of our sales or we agreed to pay rises which did not reflect our ability to pay. It was the difference between being shot and dying immediately or taking poison and arriving at the same result less speedily. We went as near to the edge as commercial sense allowed.

The jury is still out on our ability to carry the workforce along with management in introducing new technologies which may make profits but reduce employment, in arriving at pay deals which facilitate change but make life a bit more complicated for everyone, in diverting funds into R and D capital expenditure which might legitimately make life easier for all.

Participation in the way proposed by Alan Bullock [in the Bullock Report of 1977] and his committee and others was never a solution to people problems. Without considerable knowledge of the business some agreement on aims and strategies and an understanding of economic reality, participation is fruitless. The Draft Fifth and Vredeling Directives of the EEC could at best be premature, at worst destructive.

All of which brings the wheel back to its starting point—culture. What kind of company *do we want to be? How do we* get there?

In retrospect surviving was easy. It is the "breakout" phase which is difficult. It needs different skills, attitudes, strategies and objectives. Unlike BL we do not have taxpayers' money to help us solve our people problems.

However, there is one thing we are sure about. The person who invented the term "de-industrialisation" should also have thought about the consequences of the collapse of such companies as ours and the transfer of production to Taiwan or South Korea. Without the wealth and employment that we and hundreds of other such companies produce, the nation would be a poorer and sadder place. And as has been said before, what happens when the oil runs out?

Previous reports from the front line were published on February 2 and December 28 1983 and June 8 1984.

How GM adopted a common approach to robotics training

BY NICK GARNETT

ROBOTIC GADGETRY has become the norm in modern vehicle plants. At three of General Motors' European production sites the hiss and bang of welding robots, working in packs, the robotic paint sprayers, computerised production lines and electronic enginering tolerance measuring equipment, testify to the investment the company has put into the production of its new Opel Kadett/Vauxhall Astra.

It is an investment in what is called a modular build system that also embraces such things as floor guided "robo tugs" on which doors are assembled and trimmed and other components are put together. Such a system has also been adopted by Fiat and Saab, among other car builders, and the robots are similar to those used in other vehicle plants.

What some of the biggest vehicle groups also have in common is the need to redefine the way they train their labour forces to cope with the operation and maintenance of relatively sophisticated computer-controlled equipment and the demands of new construction systems. The French car companies, for example, are just launching new training programes for their production workers.

Training methods at General Motors have been virtually identical for people working at Opel's sites at Bochum, West Germany, and Antwerp, Belgium, and Vauxhall's Ellesmere Port operation in Cheshire.

At Ellesmere Port, £65m of investment in the assembly and *press operations has been* complemented by a training bill so far of over £600,000 in the last 20 months, which is expected to rise to £1m. The big difference between this training programme and others is that, not surprisingly, Vauxhall has had to do far more of it outside its own plants.

It sent 175 of its production operators and quality control labour force from the UK — alongside their German and Belgian counterparts — for special training on the pilot system set up at Opel's Russelheim plant.

A further 131 maintenance men *who now have to deal with* the robo-tugs, the Italian-made Fata assembly lines and scores of Fata and Cinchatti Milacron robots, were the subject of a series of training courses in-plant, at equipment manufacturers and local colleges and at Britain's Manpower Services Commission training centres.

Norman Edwards, manager of personnel services at Ellesmere Port, says the latter were "*extremely good.*" The rest of the production and maintenance workforce had in-plant training only.

During 18 months of pre-production training the company had one of a number of groups in training at any one time. Training was usually for up to two weeks, after which they went back to normal working. Each group would normally return to the classroom several times.

This allowed GM to keep production going on the old Astra—with the unions co-operating in filling gaps on the shopfloor without the need to recruit extra labour.

Minimised

While this greatly lengthened the overall training time, disruption of production was minimised. However, the company concedes that for some people training began too early. Where, for example, people had been trained up to a year and a half in advance of production beginning some workers simply forgot what they had been taught. Generally, though, workers were very receptive to teaching.

The company also ran into *the problem of what tolerance* levels for any individual's concentration. Some training days lasted eight hours, which is difficult enough for anyone let alone for people used to being on their feet. "The brain can only stand what the backside can endure," says Edwards. "We had people squirming on their chairs after a while."

Edwards says that overall training has worked very well and has been managed within the budgets set before the programme began. With the three GM sites having the same training there has been very little difference in the way Belgian, *British and German* workers responded to it.

THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
4	5	6	7	8	9	10

Opera and Ballet

ITALY

Milan, Teatro alla Scala: The Barber of Seville; Carmen, directed by Piero Faggioni conducted by Claudio Abbado with Agnes Baltsa, José Carreras and Ruggero Raimondi (80 91 26).

Naples, Teatro San Carlo: Turandot conducted by Daniel Oren and directed by Alberto Fassini with Ghena Dimitrova, Cecilia Gasdia, Giuseppe Giacomini, Carlo del Bosco (41 82 66).

Bologna, Teatro Communale: Merry Widow (22 29 99).

Trieste: Pelleas et Melisande by Debussy (63 19 48).

Rome, Teatro dell'Opera: The second Traviata of the season in Italy (after the successful Florence production) this time conducted by Peter Maag and directed by Alberto Fassini, sung by the young American soprano, June Anderson with Giuseppe Taddei and Alberto Cupido; "Il Cavallino Gobbo," a ballet in two acts with choreography by Brianzev. The scenery and costumes are by Marina Sakalova and the director Alberto Ventura (46 17 55).

NETHERLANDS

Amsterdam, Stadsschouwburg: The Netherlands Opera in Werther directed by Rhoda Levine, with decor and costumes by John Conklin. The Hague Philharmonic under Hans Vonk, with Sylvia Lindenstrand and Neil Rosenshein heading the cast of soloists, and the ad hoc children's choir (24 23 11).

VIENNA

Staatsoper: Lohengrin conducted by Schneider with Ligendza; Domingo. *Elektra conducted by Hollreiser*; The Barber of Seville with Gruberova. (5324/2655).

Volksoper: The Merry Widow conducted by Bibl; Vienna Blood conducted by Bauer-Theussl; Premiere of Orpheus in the Underworld conducted by Richter (Tues and Thur). The Bartered Bride. (5324/2657).

NEW YORK

Metropolitan Opera (Opera House): James Levine conducts the last performance this season of Simon Boccanegra with Sherrill Milnes playing Verdi's powerful doge in a week that also includes Ariadne auf Naxos conducted by Andrew Davis and starring Jessye Norman. Jeffrey Tate conducts Cosi fan tutte with Carol Vaness, Ann Murray and David Rendall. Lincoln Center (362 6000).

New York City Ballet (New York State Theater): The 81st season moves from the end of its month of The Nutcracker to a mixed programme including Jewels, Agon and Antique Epigraphs. Lincoln Center (870 5570).

WASHINGTON

Washington Opera (Terrace): The seasonal premiere of Zack Brown's 1981 production of The Rake's Progress conducted by Nicholas McGegen joins Leon Major's new production *of L'Italiana in Algeri* conducted by Joseph Rescigno with Francois Loup as Rossini's comic Mustafa and Mimi Lerner as Isabella. Kennedy Center (254 3770).

LONDON

Royal Opera House, Covent Garden: Royal Ballet with Swan Lake and Nutcracker (240 1066).

Royal Festival Hall: Festival Ballet continues with Nutcracker. (928 3191).

Sadler's Wells, Rosebery Avenue: Sadler's Wells Royal Ballet has triple bills including a new Jennifer Jackson ballet. The American gymnastic dance troupe Pilobolus arrives on Jan 8. (278 8916).

Music

LONDON

BBC Symphony Orchestra conducted by Peter Eotvos. Karlheinz Stockhausen, sound projection, Bernhard Wambach, piano. Stockhausen, Barbican Hall (Tue). (638 8891). Stockhausen series continues throughout the week.

PARIS

Teresa Berganza, mezzosoprano, J. A. Perajo, piano: Purcell, Schubert, Schumann (Mon). TMP-Chatelet (233 4444).

Orchestre Colonne conducted by Claude Bardon with Eliane Tantcheff and Yvan Drenikof: Mussorgsky, Tchaikovsky (Mon). Salle Pleyel (561 0630).

Margarita Zimmermann recital, Dalton Baldwin, piano: Brahms, Wagner, Tchaikovsky, Rachmaninov, Hahn (Mon). Théâtre de l'Athenée (742 6727).

Orchestre National de France with Tamas Vasary as conductor and piano soloist, Gundula Janowitz, soprano: Mozart (Tue). Théâtre des Champs Elysées (723 4777).

Marilyn Horne recital, Martin Katz, piano (Wed). Théâtre des Champs Elysées (723 4777).

Orchestre de Paris conducted by Daniel Barenboim, Alfred Brendel, piano: Handel, Beethoven, Lutoslawski (Wed and Thur). Salle Pleyel (561 0630).

Camerata Academica de Salzburg conducted by Sandor Vegh: Mozart, Schubert, Bartok (Thur). Radio France, Grand Auditorium (524 1516).

ITALY

Milan: Teatro alla Scala: The soprano Renata Scotto with the pianist Thomas Fulton, Handel, Scarlatti, Verdi, Liszt and Puccini (Mon) (80 91 26).

Rome: Auditoria di via Della Conciliazione: Gerd Albrecht conducting Ravel's piano concerto in G (pianist Paolo Restani) and Orff's Carmina Burana (Mon and Tue). (654 1044).

Rome: Oratorio del Gonfalone (vicolo della scimia 1/B) via Giulia: Guglielmo conducting and playing the violin solos in five Bach concertos (*Thur*). (655 952).

NETHERLANDS

Amsterdam, Concertgebouw. Güher and Süher Pekinel, two pianos. Mozart, Rachmaninov, Stravinsky (Mon); Amsterdam Philharmonic conducted by Thomas Sanderling with Cristina Ortiz, piano. Webern, Grieg, Schumann (Tue); Recital Hall (Tue): Sarah Walker, mezzosoprano, and Roger Vignoles, piano. Wolf, Schumann, Sibelius, Grieg, Dvorak; Riccardo Chailly conducts the Concertgebouw Orchestra with Katia and Marielle Labèque, pianos. Puccini, Gershwin, Tchaikovsky (Wed and Thur). The Orlando Quartet performs Haydn, Smetana and Beethoven in the Recital Hall (Wed). (71 83 45).

Rotterdam, de Doelen, Lucy van Dael, violin, and Glen Wilson, harpsichord. Bach (Recital Hall, Mon); Rotterdam Philharmonic under Ivan Fischer, with John Mostard, bassoon. Haydn, Vivaldi, Bartok (Thur). (14 29 11).

The Hague, Congresgebouw. The I Fiamminghi Ensemble conducted by Rudolf Werthen, violin, with Michala Petri, recorder. Legley, Vivaldi, Christiansen, Tchaikovsky (Mon). (54 80 11).

Utrecht, Muziekcentrum Vredenburg. The Hague Philharmonic conducted by Hans Vonk, with Ruud van der Meer, baritone. Mendelssohn, Cimarosa, Saint-Saens, Bizet (Tue); The Orlando Quartet. Haydn, Smetana, Beethoven (Thur). (31 45 44).

VIENNA

Consortium Classicum, Berlin, with Helen Donath, soprano, and Hermann Prey, baritone. Lachnere, Donizetti, Schubert and Nicolai. Musikverein (Mon). (658190).

Junko Tsuchiya, piano. Bosendorfer Saal (Mon). (65 66 51).

Vienna Symphony Orchestra conducted by Christoph Eschenbach with Jusus Franz, piano. Brahms and Stravinsky. Musikverein (Wed and Thur).

Andrew Watson, piano. Chopin. Bosendorfer Saal (Wed).

Kuchl Quartet, Dvorak, Mozart and Tchaikovsky. Musikverein Brahms Saal (Thur).

NEW YORK

New York Philharmonic (Avery Fisher): Zubin Mehta conducting, Gidon Kremer, violin. Schumann, Sofia Gubaidulina (Tue); Zubin Mehta conducting, Kiri te Kanawa, soprano. Elgar, Webern, Strauss (Thur). Lincoln Center (799 9595).

WASHINGTON

National Symphony (Concert Hall): P. D. Q. Bach conducting Pops concert with mixed programme (Thur). (254 3776).

CHICAGO

Chicago Symphony (Orchestra Hall): Sir Georg Solti conducting. Shostakovich, Bruckner (Thur). (435 8122).

Theatre

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a *stalwart Broadway presence* despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200).

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscences now that the Nederlander organisation has generously decided to name the theatre after the generation's outstanding box office draw. (757 8646).

A Chorus Line (Shubert): The longest-running musical ever in America has *not only* supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

The Real Thing (Plymouth): After 14 months in London, Tom Stoppard's latest giggle at the English intelligentsia, with a new-found attention to the heart that beats beneath the veneer, directed at a fast clip by Mike Nichols. (239 6200).

Glengarry Glen Ross (Golden): The Chicago cast from the Goodman Theatre provided David Mamet with a Pulitzer Prize for his latest work that pits fast-talking real estate salesmen against the world and each other. (239 6200).

Balm in Gilead (Minetta Lane): John Malkovich's energetic but nostalgic revival of an early Lanford Wilson play brings back the wide-eyed, drugged out 1960s and 70s to the accompaniment of Bruce Springsteen songs. (420 8000).

Sunday in the Park with George (Booth): Inspired by the Seurat painting, Stephen Sondheim fashions a musical with dots and dashes of song that end too soon but work well with Tony Straiges's pretty set *and James Lapine's book which* changes gears in the second act. (239 6262).

Noises Off (Brooks Atkinson): The closest Broadway gets to the British farce tradition is this import of Michael Frayn's funny backstage view of all the slamming doors and dropping drawers. (245 3430).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

LONDON

The Real Thing (Strand): Jenny Quayle and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143).

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a cliff-top rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rustling around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 6834).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

Mother Courage (Barbican): Fine RSC presentation by the design team of Cats – John Napier and David Hersey – with Judi Dench as a scavenging, music hall and finally moving Courage pushing her elaborate cart of stage machinery through the Heavyside Layer. Howard Davies directs, good support from Trevor Peacock, Stephen Moore and Zoe Wanamaker. (628 8795).

Phedra (Old Vic): Glenda Jackson remarkable as the nearly incestuous tragic queen in a thrilling production by Philip Prowse. Costumes of shot silk and taffeta, and Robert David MacDonald's translation bravely takes on the challenge of Racine's untranslatable Alexandrines. Gerard Murphy, Tim Woodward and Georgina Hale in a strong cast. (928 7616).

Two Into One (Shaftesbury): Donald Sinden and Michael Williams head the cast of a blissfully funny farce by Ray Cooney in the old Whitehall *tradition. An irate manager, Lionel* Jeffries, declares: "There's far too much sex going on in this hotel, and I'm not having any of it." Not to be missed. (379 5399).

Exhibitions

PARIS

The influence of French and Italian schools and fidelity to their national inspiration, the fascination with reality and romantic idealism, produced two contradictory tendencies in German painting in the second *half of the 19th century. On the one* hand, Arnold Böcklin, the symbolist, continues to mediate and dream of poetry and mythology. On the other hand the violence of colours of the New Realists announces 20th-Century Expressionism. Petit Palais, closed Mon. Ends Jan 13 (265.12.73).

WEST GERMANY

Cologne, Museum für Ostasiatische Kunst, 100 Universitätsstrasse: The Museum of Far Eastern Art is showing Korean art – some of which is more than 5,000 years old. It includes extremely thin-walled storage jars with scratch patterns, bronze and stone weapons, glazed vessels, woodcut prints, gold sheeting and gold ornaments, pearls, green jade and glass, a sepulchral crown, bronze figures and tombstone reliefs. Ends Jan 13.

Cologne, Römisch-Germanisches Museum: 'The Treasures of San Marco' has arrived. Forty-three pieces representing the best of antique, Islamic, Byzantine and occidental art from the world's biggest church treasure. Ends Jan 27.

Cologne, Museum für Ostasiatische Kunst, 100 Universitätsstrasse: The Museum of Far Eastern Art is showing Korean art, some of which is more than 5,000 years old. It includes storage jars, bronze and stone weapons, gold sheeting and ornaments, pearls, jade and glass, bronze figures and tombstones reliefs. Ends Jan 13.

Hamburg, Kunstverein, Glockengießerwall: Fifty-five paintings, water colours and gouaches by Edvard Munch, the Norwegian painter (1863 to 1944). Ends Feb 2.

ITALY

Rome, Braccio di Carlo Magno. Raphael in the Vatican: the last in a series of exhibitions which have been held in Paris, Rome, Florence *and Urbino, marking the 5th centen*ary of the painter's birth. The exhibition contains material from the secret archives, the Vatican Library and the Papal apartments, and is a wonderful chance to see objects not usually on public view, and the details of inaccessible frescoes. Until Jan 16.

Rome, Villa Medici (French academy): Degas and Italy. A gracious recognition by the French Academy of the importance of Italy to the work of one of the greatest artists of the 19th century (this year is the 150th anniversary of Degas's birth). The exhibition follows Degas's principle that preparatory *drawings should* be shown with the finished work. This has been done here with three remarkable paintings: the portrait of the Bellelli family (with its echoes of Piero Della Francesca). The works cover the period 1856-60. Ends Feb 10.

Rome, *Galleria la Gradiva (Via della* Fontanella 5): Modern Italian painting including Guttuso, de Chirico, Annigoni, Rosai, Balla. Ends Feb 10.

NETHERLANDS

Amsterdam, Allard Pierson Museum: Similar But Different, an exhibition marking the archaeological museum's 50th-anniversary, is devoted to daily life in Egypt, from 3500 BC to 600 AD. Not grandeur, then, but domesticity, as the visitor is led through a series of small rooms (one a re-creation of an Egyptian interior) displaying everyday objects, delicate faience work, jewellery and religious artefacts. Richly illustrated catalogue. Ends Jan 1985. Concurrently, on the top floor, a remarkable display of the earliest photographs (1839-1860) of the monuments lining the Nile.

Amsterdam, Willet-Holthuysen Museum (Herengracht 605). Amsterdam silver 1520-1820 is an exhibition of 250 items and groups displaying the mastery of Amsterdam silversmiths over three centuries. The show, which focuses on church, guild and table silver, includes a magnificent monstrance of 1517, ornamented drinking horns and finely wrought chains of office used by the civic militia companies, and four salt cellars from 1639-1643 by the celebrated silversmith Johannes Lutma. Ends Jan 13, closed Mon).

S. Jessurun de Mesquita: Prints, drawings and decorative designs trace the career of this exponent of Art Nouveau who managed to combine simplicity and crispness of line in his woodcuts of people and animals with the bizarre extravagance of the "sensitivistic" drawings – fevered caricatures with a surrealist tinge. Amsterdam, Jewish Historical Museum. Ends March 10 (closed Mon). A smaller exhibition of the sensitivistic drawings runs concurrently in Rotterdam, Boymans-van Beuningen Museum.

Amsterdam Historical Museum. A show of 19th-century topical prints which met a popular demand for political comment. Illustrations commemorating important events in Dutch history, and souvenirs of royal occasions. Ends March 3 (Printroom closed Sun, Mon).

VIENNA

Medieval Art from Serbian Monasteries: This exhibition from Yugoslavia of religious art from Serbian Medieval Monasteries covers the period from the 10th to 17th centuries and includes some intricately worked silver book covers, chalices and incense burners. Gilded icons are also of interest, showing a surprisingly modern angular technique in depicting garments. Other exhibits include illuminated manuscripts and copies of frescoes, and all show a fascinating intermingling of eastern and western artistic influences. Museum of Mankind. Ends Jan 20.

Fanny Elssler: This charming exhibition already shown in New York celebrates the dazzling career of the 19th century Viennese ballerina who died 100 years ago. Fanny Eissler, daughter of Haydn's valet, took *Europe and America by storm in the* 1840s – and broke a *few* hearts on the way. Costumes, posters, letters and other memorabilia evoke a beautiful and talented woman. Opera House. Ends Jan 13.

The Vienna workshops: fashion and industrial design: The workshops, founded in 1903 by Josef Hoffman *and Kolo Moser, introduced func*tional Jugendstil lines to all kinds of applied art. The workshops fell victim to the economic crisis in 1932 after producing a dazzling range of objects and designs, many now in the care of the applied arts museum. Futuristic, even bizarre cutlery, tea and coffee sets, lamps and textile *designs are shown in the industrial* design section of this exhibition. In the larger, less familiar fashion section sketches and photographs record a distinctive ladies fashion style from 1911 to 1932, dashing, willowy, elegant and exclusive. Museum of Applied Arts. Ends Jan 25.

NEW YORK

Museum of Modern Art: Primitivism in 20th Century Art has much good modern work by Picasso, Max Ernst, Brancusi among many others as well as striking tribal objects from Asia, Africa and North America, but the theme itself seems meant to fill space more than provide a better understanding of the primitives or the moderns. Ends Jan 15

WASHINGTON

National Gallery: Old Master Drawing from the Albertina, celebrating two centuries of Austro-American relations, includes Dürer's Praying Hands among the 75 works by Fragonard, Rembrandt, Pieter Bruegel the Elder, Lucas Cranach the Younger, and others. Ends Jan 13.

CHICAGO

Museum of Contemporary Art: Celebrating the foresight of local collectors, Dada and Surrealism in Chicago Collections includes more than 300 works by Dali, Ernst, Magritte, Miro, de Chirico, in mixed media including sculpture and photographs as well as paintings and drawings. Ends Jan 27.

TOKYO

Ceramics of East and West (Idemitsu Art Gallery): This exhibition highlights 17th and 18th century fine ceramics in Japan and Europe, including Japanese Arita ware, Delft from Holland and Meissen from Germany. Particularly interesting is the influence of these various wares on each other, the result of trading of the period. Shards of Chinese and Japanese pottery excavated outside Cairo are also on display. This museum, on the 9th floor of the Kokusai Building in Hibiya, near Imperial and Palace Hotels, commands an excellent view over the Moat and Emperor's Palace in the centre of Tokyo. A relaxed atmosphere enhanced by the serving of Japanese tea. Ends Feb 3.

Liza Kreuzer and Eva Mattes in "A Man Like Eva"

Cinema/Nigel Andrews

Sad goodbyes to sacred monsters

A Man Like Eva, directed by Radu Gabrea
Kings and Desperate Men, directed by Alexis Kanner
Slow Moves, directed by Jon Jost
Germany: the 20s

Every art form should throw up from time to time a figure of controversy who attracts praise and vilification in equal measure. And "throw up" is probably the phrase his detractors would most happily use in response to the films of Sam Peckinpah, the *monstre sacre* of the Western and action film who died last week aged 59. He made 14 films, of which two are undoubted failures *(The Killer Elite, The Osterman Weekend)*, one is a towering masterpiece *(The Wild Bunch)*, three are classics of the elegiac Western *(Ride The High Country, Junior Bonner, Pat Garrett and Billy The Kid)*, two are movies of violence which have set critics and commentators at each others' throats *(Straw Dogs* and *Bring Me The Head of Alfredo Garcia)* and the other six are variously pungent Peckinpah works spiked with humour, lyricism, conflict, elegy and (yes) violence.

Peckinpah, after an early career as a screenwriter, came to directing in the 1960s; and it can be strongly argued that in the decade of Kennedy's assassination and the Vietnam War the Western *had* to change from the sedate grandeur of Ford and Hawks to the visceral vision of Peckinpah (or Penn) in order to have any relevance to American fears and feelings at the time.

Peckinpah's brilliance was first in stretching the accepted historical time-span of the Western, so that those burnished landscapes are suddenly punctuated with the alarmingly modern (motor cars in *The Wild Bunch* and *The Ballad of Cable Hogue)*, and *then in transferring* Western tropes and traditions to new genres altogether. *Straw Dogs* and *Bring Me The Head of Alfredo Garcia* are both modern stories—set in Cornwall and Mexico respectively — plotted and choreographed like Westerns: the first an Alamo-style siege, the second a haunting and harrowing tale of bounty-hunting, revenge and murdered love.

The irony of Peckinpah's work is that in attempting to modernise the Western and replace the old ritualised *violence with realistic violence*, he accidentally started another ritual himself. In the hands of less gifted directors than him, those bursting blood-capsules, tearing bullets and slow-motion death throes became as repetitive a cliché as the old painless clutch - stomach - and - keel-over tradition of former Westerns.

But the poverty of a great film-maker's disciples shouldn't be invoked to denigrate his own work. *In his best films*, Peckinpah changed the American action film from an outdated playground for toy heroes to a battlefield where real people fought with real weapons and showed real emotions. It's no wonder and no accident that he was the last great Western director. He made it almost impossible for anyone to follow in his footsteps.

★

Another *monstre sacré* lately lost to us was R. W. Fassbinder. In Radu Gabrea's *A Man Like Eva* his ghost walks in the alarming guise of *Eva Mattes*, who overcomes disqalifications of sex to play the late great RWF as to the manner born; with beard, beer-belly, boots, slouch, leather, gasper-at-mouth and general air of a saint of slobdown who was also a cinematic genius.

Though the film doesn't name him as Fassbinder, its film-maker hero ("Eva") is unmistakably he as he stomps like a sozzled Svengali through days and nights on the set directing "La Dame Aux Camelias." Maria Callas nightingales shrilly on the soundtrack as we watch Eva bully his leading lady Liza Kreuzer), fall in love with his leading man (Werner Stocker), set fire to a mountain of bills, try to make love to a cactus and spend drink-soaked hours in front of TV football matches. *Meanwhile his male lover hangs* himself and the production careers slowly but surely towards crisis.

Fassbinder himself spent so much of his life cultivating his image as the Abominable Showman that no movie could ever quite measure up to the real thing. This German bio-tribute skitters uncertainly between farce and melodrama, schmaltz and *schadenfreude*. But at least it never slips into the perils of hagiography, and Miss Mattes's performance is a knockout.

★

"'*Thou'rt slave to fate*, chance, kings and desperate men.'" burbles Patrick McGoohan, plummily intoning John Donne, "and we have in the studio today a—desperate man." And we have at the Classic Oxford Street this week a—desperate film. Alexis Kanner produced and directed *Kings And Desperate Men* and co-stars as the desperate man. Telling the tale of a British chat show host (McGoohan) held hostage in his Canadian flat-cum-radio-station by a radical schoolteacher (Kanner) hijacking the airwaves to argue a condemned comrade's episode of *Danger Man* or *The Prisoner*. Would-be suspenseful camera angles (through window-blinds, down from ceilings, etc) do battle with painfully clotted dialogue.

Among the cherishably dreadful performances are Kanner's own, playing his role as a moonstruck Irish mick who seems to have escaped from the Abbey Theatre, and that of Margaret Trudeau (yes, she) as McGoohan's sundered wife. Mrs T has few lines to speak but manages to speak all of them unconvincingly. McGoohan alone — whose wit and gloriously eccentric vocalising surely demand that he be dragged kicking and screaming back to the British stage (anyone remember him as *Ibsen's Brand?)*—survives the wreckage.

★

Jon Jost's *Slow Moves* shows that given enough ingenuity and dedication, a film-maker can make (or claim he has made) an 8,000-dollar feature film. *It won't have stars, it* won't be based on a bestselling novel and it will tend at times to look as if it was processed in the bathwater. But Jost has a keen camera-eye (as his previous best feature *Chameleon* showed) and a marvellously prickly feel for relationships poised between the plainspun and the psychotic. This bumpy California love story between two emotional down-and-outs—it starts as romance, veers into recrimination and ends in robbery-with-bloodshed — is teasingly scripted, tightly acted by Marshall Gaddis and Roxanne Rogers and is probably the best value-for-dollar film in London.

Finally, German Expressionism is about to grip the South Bank. Part one of a promised four-part retrospective of German cinema swings into action at the National Film Theatre next week with a 17-film survey of Austro-German movies of the 1920s. You will shudder at the shadowy horrors of Dr Caligari's cabinet, you will goggle at the Golem, you will chortle at the swishings and *vampings of Pola Negri in* Lubitsch's best silent comedy *The Mountain Cat*, your spectacles will steam up at the goings-on of Louise Brooks in *Pandora's Box*, and you will be pleasurably reminded that there is still a version of *Metropolis* on view without rock score or colour tints.

At this point I raise my hand at the back of the class and ask, "Please, sir, why is the season so short?"

Sam Peckinpah

Elm Village—a view of the future

Gillian Darley reports on an award winning housing scheme

There is a phrase (or is it a cliché?) that most of us who write about architecture use frequently; constraints are an incentive to the designer. In *other words, architects had* better make the best of a bad job. In the case of Elm Village (not, contrary to what you might expect a nostalgic name invented by developers, but the old name for a derelict marshalling yard in the London Borough of Camden, beside the Regents Canal); Peter Mishcon and Associates had their share of constraints. They included a most unpromising site, both visually (there was no gradient and no vegetation) and structurally (since the topsoil was landfill), a complicated mix of housing types and tenures with, of course, tight costs and a pressing timescale. The two latter suggested the use of timber framing.

The plan was originally for a long thin site running along the canal, but changed (by Camden, owners of the site) to a more compact one during the design process. This gives an opportunity, within an almost triangular site, to mark the edges with terraces, their edges softened by gardens, to insert a crescent as the "eye-catcher" at the farthest end and to lead to *that by means of a square*.

The finishes of the Elm Village terraces are attractive, with pale render, an almost pink-white brick and stock brick (with some coloured banding) as the three choices. The detail is best when simplest; the crescent is balanced nicely between ornament which articulates (and *actually* convinces that a faceted block is a crescent) and that which marks —pedimented doors and a string course. The square is equally well measured, steering clear of fussiness. There are few instances of unsuccessful ornament, either overweening in scale or badly executed.

Complex housing and design components have been knitted into a seamless whole and, in recognition of the achievement, Elm Village has received for the client, United Kingdom Housing Trust and their architects Peter Mischon and Associate, one of the four Housing Centre Trust Golden Jubilee awards, given for "outstanding housing achievement."

The novel aspect of the scheme is that for the first time fair rent, shared ownership and *cost-scale housing are combined* within one development; the latter under a novel scheme in which the 19 per cent difference between value and cost is held as equity by Unihab, a subsidiary of the housing association and funded by the Halifax and Nationwide Building Societies (another first was the collaboration between two societies). This equity gives them the prior right to nominate buyers from the local housing list before going onto the open market. Thus Elm Village can help people from both ends of the housing list and is an instance of the recognition by the appropriate bodies that the open market in areas of highly priced property such as Camden, is effectively closed to all but a few.

The architectural solution is very closely interwoven with the social objectives. The form is an urban one, and the house types do not proclaim their differences; in fact on the canal-side, the fair-rental and cost sale terraces are side by side and indistinguishable. Landscaping is one area where considerable funds are being *spent (over £8,000 per acre has* been allocated) while the actual configuration of the site has been subtly altered to make the most of its assets. Thus the canal has been featured, and houses which would normally be screened from it, are raised sufficiently to catch a glimpse of the water.

There are a number of lessons here. The architects rapidly discovered the shortcomings of timber-framing; it requires constant supervision during construction. Curiously the rise of timber-framing caught everyone unawares; subcontractors tend to be inexpert, the GLC has but one inspector specialising in this form of construction, and difficulties are intensified by the fact that there is no margin for error, on doors or windows, for example.

In a way the cladding which suggests, superficially at least, that the scheme is, in fact, traditionally built is a kind of metaphor for the whole process. It is hardly fanciful to say that in the present political climate, social policies have to be clad too, and here, in a development which gives a toehold to some who otherwise had little or no chance of continuing to live in Camden, you would never guess you were standing on an "estate." The cheerful mood of the architecutre and the respect with which the tenants and buyers, equally, have been *addressed are exemplary. The* pity is that this should be such an unusual development; this kind of scheme should be rising in cities all over Britain.

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Alpine centres of excellence

THE ORGANISATION for Economic Co-operation and Development has taken a close look at Switzerland to discover whether it has any lessons for industrialised countries struggling with the high-tech challenge. The implicit answer is "yes, to a certain extent," but is not fully spelt out.

Cautious as ever, the OECD in its newly published annual report on the country avoids sweeping conclusions about whether the Swiss are holding their own in the high technology race.

The attention of the OECD secretariat has been attracted in particular by the so-called "impulse" or "impetus" programmes conceived after a severe setback to the Swiss economy in the mid-1970s. The Swiss Federal Government launched the first of these programmes in 1978 for a four-year period. A second, six-year programme is under way now.

Both programmes have been referred to in previous OECD reports, but at first sight it may seem ironic that they received almost no international atten*tion at the time they were* undertaken. That lack of attention becomes explicable if one notes that the sum set aside from the federal budget for the entire 10 years is a princely SwFr 110m or £37m.

So it cannot be quantity but quality that makes these programmes noteworthy. They included the establishment of a Swiss software school, to supply a need that had become painfully apparent; support for microtechnology research; support for developing access to data banks; but also training in more energy-efficient construction techniques.

The OECD report cites some underlying principles which it describes as significant. For a start, the impetus programmes are inexpensive when compared with sectoral support policies designed to hold entire industries above water. At a time of budget stringencies around the world that is no small matter. Moreover, the Swiss approach does not interfere with market mechanisms, but is designed to work through a durable adjustment of research and education efforts.

In their more enthusiastic moments, some Swiss describe as "centres of excellecne" the institutions, such as the Institute for Microtechnology at Neuchatel, which have been founded with or supported by money from the impetus programmes. The implicit hope is that excellence will spread outwards from these centres.

Necessity

The Swiss approach, concentratingtrating on training and on research, pure and applied, leaving the market largely to operate according to its own rules, clearly has a wider validity. But one must not forget that it is the product of *the traditional srenghs and* weaknesses of he Swiss system.

An efficient educational system has produced a workforce of high traditional skills, but the very efficiency of the system may have delayed the necessary adaptation to the computer age. Swiss efforts to develop a native integrated telecommunications system failed because of difficulties with the *software. But because the basic* training is sound, it does not seem to be proving too difficult now to add on the new skills required.

Even in keeping its programmes small and by not interfering with the market, the Swiss Government is largely making a virtue of necessity. Anything more ambitious would almost certainly fall foul of an *intensely conservative* electorate which may always claim the last word. Any law passed by the parliament must be submitted to a referendum if 50,000 electors sign a petition to that effect within three months.

In its new report the OECD leaves open whether their way of hastening slowly will once again work for the Swiss. It does note that a good, though late, start has been made, especially with the application of computer technologies, both in the service sector and in manufacturing. That may be as much as one can expect from a small country with limited resources. But larger countries can learn from it.

Accounting for inflation

FEW finance directors are likely to have lost much sleep during the holiday period worrying about the fate of SSAP 16, Britain's unpopular inflation-accounting standard. SSAP 16 ran out on December 31 and there is as yet no agreement about a successor. The Accounting Standards Committee (ASC) has hopes that ED 35, the exposure draft it unveiled in the summer, may form the basis of a standard *which would become applicable* for accounting periods beginning on or after January 1.

However, there is a widespread disenchantment with current cost accounting (CCA) and a belief that inflation is no longer a serious problem. The Association of Certified Accountants has rejected ED 35 out of hand and the London Society of Chartered Accountants says bluntly that "it is not acceptable as a replacement for SSAP 16."

Compromise

Representatives of industry are even more scathing. The Group of Scottish Finance Directors, for example, reacts with "complete dismay" to ED 35's contention that inflation-adjusted figures are essential to a "true and fair" view and suggests that any attempt to enforce compliance would "generate implacable hostility." The Midland Group of Finance Directors is calling for ED 35's immediate withdrawal and argues there is "no justification for continuing the publication of current cost information."

These comments may not be wholly representative but it is hard to see ED 35 winning strong support from any quarter. Most of the big accounting firms are uneasy about its philosophical basis: replacement cost accounting requires subjective asset valuations.

The challenge for the ASC in the new year will be to negotiate some sort of compromise. It would be foolhardy to *ignore the hostility and push on* with ED 35 regardless. At the very least, the proposal that CCA figures should be essential to a true and fair view may have to be reconsidered. Yet the ASC should not yield entirely to the new spirit of anarchy. Many finance directors and auditors are claiming that company managements should be entirely free to decide whether, and how, to inflation-*adjust their accounts.* Such freedom would be unacceptable: the ASC's rationale is to render accounts more consistent and comparable by establishing uniform rules for all companies.

The ASC also has a duty to look after the largely unarticulated interests of ordinary shareholders and other users of accounts. Inflation of 5 per cent per annum is, by any historical standards except those of the 1970s, extremely high. It means prices double in less than 14 years. A systematic error of at least 5 per cent per annum, if caused by anything other than *inflation, would rightly be taken* very seriously by professional accountants.

Asserting that 5 per cent inflation does matter does not commit the ASC to a particular form of inflation accounting. Indeed, it is often argued that, strictly speaking, CCA is not inflation accounting because it is not an adjustment for the falling purchasing power of money. *The real (and important) concern* of CCA is with the proper valuation of assets.

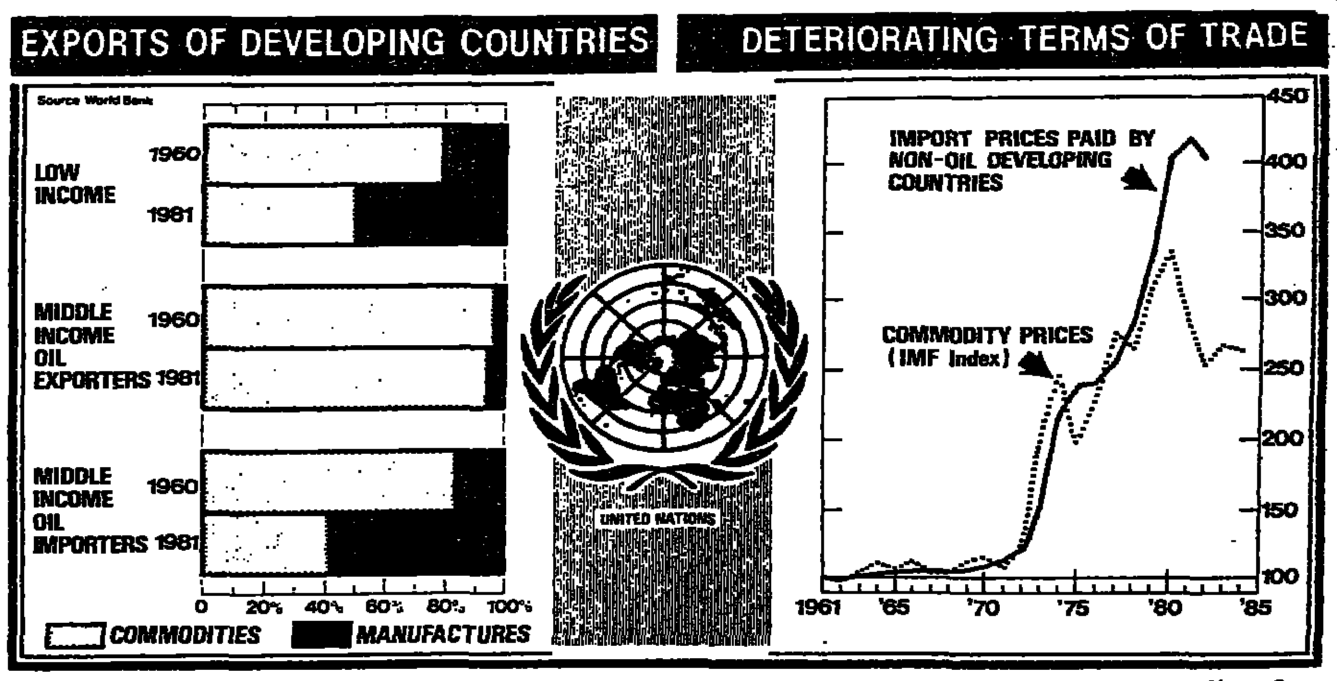
Although CCA is subjective and contentious, indexation for inflation as such can be both simple and objective. There is still time for the ASC to reconsider the constant purchasing power (CPP) method of inflation accounting it originally favoured in 1973. A committee *of users of accounts could be* set up to look into CPP accounting under which ordinary historical-cost accounts are indexed for changes in some inflation proxy such as the retail prices index.

Obstacle

There is one remaining obstacle to CPP (whose adoption would not prevent further work on CCA-style valuations of assets). The ASC still believes the Government is anti-CPP and pro-CCA. The reason is historical: it was a government appointed committee, led by Sir Francis Sandilands, which in 1975 ordered accountants to drop CPP and adopt CCA.

Accountants have suppressed their own preference for CPP ever since. The present government could help the ASC *in two* ways: first, by saying it does think inflation corrections still matter; second, by saying explicitly that it is up to accountants to choose the best sort of adjustment. This would help the ASC impose some form of inflation accounting on companies yet leave it free to reject CCA. At last in this long-*running debate the best might* cease to be the enemy of the *good: accountants might accept* that the absence of a perfect inflation adjustment is no argument for doing nothing at all.

UNCTAD



Martyn Barnes

A new approach to the North-South debate

By Anatole Kaletsky, recently in Geneva

CONSIDER an international organisation established to deal with the effects of foreign exchange shortages, debts, trade restrictions and falling commodity prices on economic performance in developing countries.

Suppose that this organisation also studied the changing structure of trade—in commodities, manufactured goods and services—between developing and industrialised nations, and that it could advise world leaders on the global inter-relations between finance, trade and development.

Imagine, further, that the organisation's staff of highly-trained economists enjoyed the trust of the majority of Third *World governments, who could* therefore be expected to listen to its advice.

Would such an institution have a useful role to play in the mid-1980s? The answer, to judge by recent developments, would appear to be negative.

The United Nations Conference on Trade and Development (Unctad), was formally *established 20 years ago this* week, as a permanent agency of the UN in Geneva, with a staff of some 250 professional economists whose job was, in theory, to carry out precisely these functions. Yet on January 1 Unctad entered upon its third decade of attempting to promote "2international trade as the primary instrument for economic development" *in a state of demoralisation and dis*array, without even the benefit of a Secretary General.

Mr Gamani Corea, the Sri Lankan who had headed the organisation since the early 1970s, bowed out quietly on *December 31,* partly in response to U.S. pressure. His former deputy, Mr Alister McIntyre *the man who was tipped for a* time as a possible Prime *Minister for Grenada after the* U.S. invasion of that tiny country, has taken over — but only as an interim Officer in Charge, after the UN General Assembly failed to agree last month on a permanent successor for Mr Corea.

Such a situation could hardly be imagined at the World Bank or the International Monetary Fund, yet Unctad's historical provenance goes back ultimately to a body which was supposed to stand on a par with these two Bretton Woods institutions — the International Trade Organisation which was intended by Keynes and some of the other architects of the post-war international economy as the "third pillar" of the Bretton Woods system.

The plan for an ITO was approved by the UN *in 1947,* but never ratified. The General Agreement on Tariffs and Trade which was salvaged from these negotiations was far more limited in scope than the intended ITO, and made no provision for the special problems of developing countries which were attempting to industrialise their economies through trade, but would remain for many years dependent on the vagaries of commodity markets for the bulk of their foreign exchange resources. It was from this omission that the plan for a Trade and Development Conference to be convened every four years and backed up by a permanent secretariat emerged.

Although Unctad has never achieved a prominence remotely *comparable to that of the World* Bank, IMF and GATT, the fundamental cause of Unctad's weakness is also the reason why its activities provide illuminating insights into the changing trends in international economic policy and why *Unctad could yet develop, per*haps even within the next few years, into an institution of genuine importance.

Unctad is interesting because it is the one major international economic institution controlled by the developing countries on a one-nation one-vote system; and for 20 years it has faithfully reflected the theories and influences which have domi*nated Third World thinking.*

It has been largely ineffectual in its attempts to establish a *New* International Economic Order, essentially because these theories, based on notions of exploitation, unequal exchange and the inherent powerlessness of poor countries in the face of international market forces, have tended to politicise economic relations.

A necessary move from the traditional areas

The search for solutions to some of the problems which Unctad's founding *fathers* correctly identified back in the 1950s, particularly the recurrent foreign exchange crises likely to be faced by countries whose foreign trade depends overwhelmingly on commodity markets, became almost from the outset a "North-South" political confrontation, which the South had little chance of winning.

The organisation had a brief moment of glory in the mid-1970s, when the first energy crisis and boom in commodity prices frightened even the U.S. Government into paying lip service at the 1976 Unctad con*ference in Nairobi to the Third* World's demands for an integrated programme for commodity stabilisation and financing.

Today, the Third World's fleeting glimpse of commodity power has turned out to be an illusion, as the terms of trade for commodity producers have resumed a relentless deterioration (see chart). The in*dustrialised* countries' attitudes to Unctad have reverted, at best, to a cynical indulgence —"a device for containing the demands of the developing world at little trouble and expense," one veteran negotiator calls it.

The Reagan Administration, it seems, is no longer willing to tolerate even a talking shop, if "the results of the dialogue are cast in advance against our basic beliefs in the market system" in the words of a senior official.

While a U.S. withdrawal from Unctad a la Unesco is not yet under consideration, the industrialised countries have established a "Reflection Group" to reconsider their attitudes to the organisation; *and Mr Corea's replacement by* Mr McIntyre is probably the first result.

Yet paradoxically, Unctad could eventually acquire a new, and more influential, role because of these very setbacks. For Unctad's work reflects, as ever, the currents of thought prevailing in developing countries — and the simplified bipolar model of rival North-South power blocs is rapidly losing its plausibility even in the South.

There is a growing realisation not only that the old kinds of dialogue, based either on post-colonial guilt or on com*modity power,* have run their course; even general appeals to the North's self-interest, on the basis of the concept of "interdependence" popularised by the Brandt Commission, are no longer adequate.

Mr McIntyre in particular is identified with the view that what he calls the "overall macro-economic spin-off effects" of accelerated develop*ment in the South are insuffi*cient to win new concessions from the North. What is needed is a recognition that the Northern countries may have divergent interests and evidence of tangible gains for specific industrialised countries, for example, from allowing manufactured goods from developing countries freer access to their markets or from *stabilising commodity prices.*

Furthermore, he argues, the developing countries must "face squarely the problem of what quid pro quo" they can offer the Northern countries which can be drawn into a dialogue.

If the developing countries adopt this approach, Unctad officials believe that a resump*tion of a serious North-South* dialogue may be possible before the end of this year. But there are important differences in emphasis over what this dialogue would be about.

Mr Corea, on the eve of his retirement, continued to emphasise the three issues which have preoccupied Unctad since its creation: flows of finance, "though not necessarily on concessional terms;" market access for developing countries' manufactures; and further moves on commodity stabilisation.

These, however, appear to be the areas of Unctad's past, *rather than its immediate* future. There seems to be little prospect of Unctad repeating its past successes in helping to promote the IMF's Compensatory Financing Facility, or establishing the Generalised System of Preferences which has allowed tariff-free access for some Third World goods to many industrialised countries or negotiating stabilisation agreements for *eight commodities ranging from* tin to cocoa.

Other officials, including Mr McIntyre, believe that Unctad will have to move beyond these three traditional areas. Mr McIntyre identifies three more controversial new arenas for Unctad activity, as part of the search for a "quid pro quo" which could be offered to industrialised nations. These are trade in services, direct investment and the touchiest topic of all — the possibility of "dialogue" on domestic economic policies with individual member countries.

Instinctive distrust of free market thinking

Liberalising direct investment and trade in services are now the U.S. Administration's highest international trade priority and Unctad officials believe that they are uniquely qualified to help the developing countries prepare a reasoned response and turn the U.S. desire for liberalisation into an effective bargaining counter.

While industrialised countries may not approve of Unctad's efforts in the past to "repatriate" some of the Third World's expenditures on insurance and shipping services, they can hardly gainsay the secretariat's experience in these fields. In fact, even the U.S. has agreed that Unctad could do more on services, provided the developing countries also recognised GATT's competence in this field.

On the question of policy dialogue, however, the obstacles to Unctad's involvement are likely to be far more formidable; and they will be raised by both the North and the South. For the examination of individual developing countries' policies touches on a flaw in the simple North-South model far more significant than the divergences in philosophy and interests within the Northern bloc; this is the disparity and lack of cohesion among the developing countries themselves.

The benefits of Unctad looking closely at the development policies of industrial countries are obvious. More and more Third World leaders are realising that it is to other developing countries, rather than to the U.S., Europe or the Soviet Union that they should look for economic models. The contrasting experiences of Brazil, India and Korea, for example, in the recent recession are quoted ceaselessly by economists and politicians throughout the developing world.

Yet the conventional wisdom about these experiences originates essentially in the IMF and the World Bank, two institutions which are steeped in free market thinking of a kind which many developing countries instinctively distrust.

Many Unctad officials believe, on one hand, that Third World governments have tended to underplay the role of market forces in their domestic economies, but, on the other hand, *that the* IMF World Bank analysis has understated the importance of planning and regulated trade in countries like Korea and India. They are itching, as Mr Leelananda de Silva, a longtime consultant to Unctad, puts it to "herd the IMF/World Bank lions in their own hunting ground."

They believe, furthermore, thta the best hope for accelerating the growth of Third World manufacturing may now lie with the promotion of trade *among* developing countries, rather than along the North-South axis.

But to achieve the hoped-for South-South co-operation, developing countries will have to open their economies and adapt their domestic policies as surely *as if they were subject to an* IMF or World Bank programme.

So far, despite the growing acceptance of World Bank and IMF policy prescriptions in much of the Third World, there is little evidence that developing countries are willing to tolerate encroachments on what they regard as their economic sovereignty unless these are backed with large sums of money.

Yet it is worth considering the following statement, made by Sr Charles Perez, former President of Venezuela, at a symposium held last month to celebrate Unctad's 20th birthday, that "What our countries refuse is interference in our economic sovereignty by one country or group of countries. We do not just accept, but we ask that a supra-national sovereignty be exercised through organisations like the UN."

If this is true, Unctad may yet have a bright future.

Men and Matters

Gentlemen farmers

A sign of conservative times from Britain's farmers. The National Farmers' Union is thinking of changing its name because it doesn't like being lumped together with those trade union chappies.

The proposed change stems from an opinion survey which has discovered that most people think the NFU is some kind of farmers' trade union.

In fact, the dignified occupants of NFU headquarters, Agriculture House, Knightsbridge, and their members, are paid-up active supporters of the Confederation of British Industry.

Warren Newman, an NFU official, says: "We are not a labour union—on the contrary we often have to negotiate with the unions. With our present name our credibility is at stake."

While the NFU's governing council is to deliberate during coming weeks on the principle of changing the name, it will be pressure from farmer members that will ultimately decide what the new name should be.

Chances are that originality will fly out of the window and they will end up with an association, a federation, or a confederation.

You can do better than that, lads. How about Farmers' Glory?

Brighton block

Recalcitrant trade unionists are again giving accountants Price Waterhouse trouble. But this *time it has nothing to do with* efforts to trace and sequestrate miners' money.

Two employees of the firm have been sent to Brighton to start a £30,000 review of the borough council's structure — only to discover on arrival that the authority's own staff are actively opposed to the scheme.

So disgruntled are the 950 members of the local branch of the white collar union Nalgo that they have voted by more than four-to-one to refuse to co-operate with the Price Waterhouse visiting firemen.

The Nalgo members fear that the review presages job cuts. Following the ballot, the *branch has instructed its mem*bers to do nothing to help the accountants in making their inquiries and assessment.

The Price Waterhouse team is, therefore, soldiering on among the Brighton ledgers with the help of councillors and senior non-union officers.

Not the least of the problems arising is how Price Waterhouse will be paid. *Nalgo members have already stopped pay*ment of attendance allowances to councillors involved in the exercise. And they have sworn that no fees will be allowed to reach the accountants through normal channels.

Patrick Bebb, the borough treasurer, says the accountants have yet to demand any of their fee. "If they ask, and they want some money urgently, we will *have* to work out a special arrangement, I imagine."

Maltese cross

Dom Mintoff has apparently lost none of the political touch that enabled him to engineer his party's third successive electoral victory in Malta in 1981. A clever reform of electoral boundaries then gave him three more *seats than the* Nationalist Opposition despite the fact that it polled 3,000 more votes.

Consider now the complex web Mintoff has woven in stepping down as Malta's Premier.

His hand-picked successor Dr Carmelo Mifsud Bonnici is the first Maltese Premier never to have polled a single vote since he has never fought an election. That must be a record for Western Europe to whose modern democratic traditions the Government in Malta subscribes.

"Anybody fancy a game of shove-pound"

Mifsud Bonnici's meteoric rise seems to be due to a series of party acclamations. He was created deputy party leader, then co-opted into the Maltese Parliament and created senior deputy Premier and Minister for Education after Mintoff's decisions were sanctioned by the party.

*Having resigned the Premier*ship but not the leadership of the governing Labour Party, Mintoff now sits on the backbenches as one of Mifsud Bonnici's rank-and-file MPs. But back at party headquarters, it is the new Premier who plays the junior role to Mintoff.

So much for those who think politics is not an exact science.

Up west

Hanson Trust's head office on the Brompton Road runs along much the same lines as the corporate finance department of a merchant bank, so it is perhaps *only logical that Lord Hanson* should look to the City for recruits. But there was more than a little surprise at yesterday's announcement that Hugh Ashton is to leave J. Henry Schroder Wagg early next month for a boardroom seat at Hanson Trust.

As one of the last men in the City to sport a bowler hat — come rain or shine— Ashton hardly epitomises the go-getting Hanson style. He joined Schroders in 1961 and, as the head of the bank's corporate finance department between 1979 and 1982, was seen by many as a shade too old-fashioned for the rough and tumble take-over tactics increasingly adopted by the likes of BTR and Hanson Trust itself.

As part of a general shake-up at Schroders, Ashton was replaced as corporate finance chief in 1982 by Win Bischoff, a young banker who had made his reputation in Hong Kong and was appointed as chairman of the merchant bank in July last year.

Ashton, who will be 55 later this month, has known Lord Hanson for years and advised the company in its successful takeover of UDS in 1983. He will presumably carry on advising Hanson on takeover strategy but will be leaving his bowler hat behind. "To be seen around the Brompton Road wearing a bowler would be a bit much even for me," he says.

Wrong number

The Government seems to be planning a quick start in the new legislative year. The bill to float off the Trustees Savings Banks, issued just before Christmas, makes frequent refernce to the 1985 Companies Act.

What's more, it promises to repeal part of section 665 and all of section 666(6). But don't dash out for your copy. I'm told it should read 1948.

Observer

هكذا صدر الأصل

COMPUTER TECHNOLOGY IN STOCKBROKING

A challenge no one can ignore

By Stefan Wagstyl

THE ADVANCE of computer technology presents Britain's stockbrokers with an unprecedented challenge.

For the first time, the survival of many City firms will depend on their mastery of computer-based services.

While a handful of Britain's brokers have been pioneers of computer development since the 1960s, all firms will now have to face up to a challenge some have been tempted to avoid.

The City revolution has brought matters to a head:

Firstly, the impending partial deregulation of the London Stock Exchange, and with it the abolition of fixed-rate commissions, will force firms to become more competitive on price and on quality. Competition will highlight the difference between brokers who are able to use computers to run their offices efficiently and to provide a range of computer-based services for clients, and those who are not.

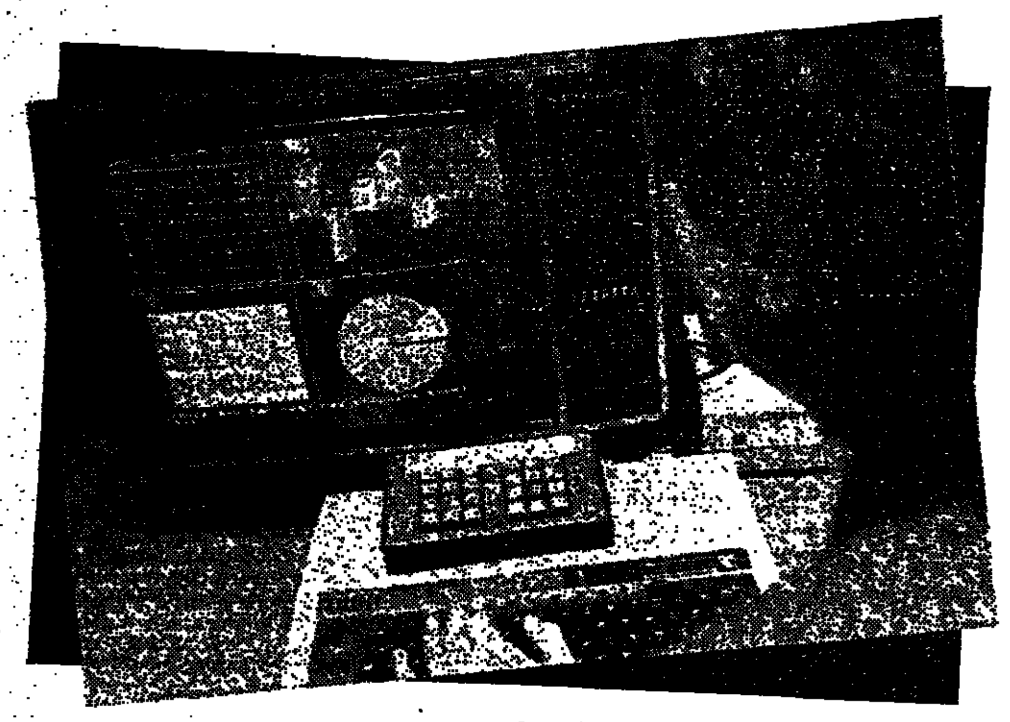
Secondly, stockbroking firms are mostly losing their independence, merging with banks which have the resources to make the big investments in computing which will be necessary. An unprecedented amount of capital is likely to be available in the new age of computer-broking.

Mr Dugald Eadie, managing director of WM Computer Services, an independent company recently formed out of the computer services division of stockbroker Wood Mackenzie, puts it like this: "Computers are going to be necessary tools that people will have to have to stay in the securities business. Unfortunately, it's going to be very expensive."

Almost all stockbrokers now have a computer, if only to help the accountant with the payroll. They also use screen-based information services such as Reuters and the Stock Exchange's Topic system which provides share price information.

Beyond this however leading brokers have taken the initiative developing computer-based services in several different ways. As Mr John Williams, deputy chief executive of Grieveson Grant, says: "It's a fascinating game. You find that you are streets ahead in some areas and are lagging behind in others."

Broadly, brokers' services fall into four areas:



Dogfox in action

THE "TICKER" is the most popular page on Scrimgeour Kemp-Gee's electronic network.

It monitors the top 900 UK shares, displaying the 30 most recent price changes on a television screen. Price rises come up in blue, price falls in red.

Using the ticker, brokers and investment *managers alike can track the market from* one moment to the next. The point at which the market turns is shown when the prices, variously red and blue during a day's trading, begin to go the same colour—blue on good news, red on bad.

A second ticker page follows U.S. prices with data beamed across the Atlantic by satellite and instantaneously distributed on the Dogfox network.

Dogfox is fed with market data on 1,500 UK equities, and on 4,500 overseas stocks, mainly U.S. It follows gilt-edged stocks, U.S. bonds, currencies, and the money markets. It also backs the British economy.

Gilts dealers can use Dogfox to compare *the virtues of different stocks, studying* the relative movements of yields and prices.

Equity traders can compare the performance of one share against any other—looking at ICI against Dow Chemical of the U.S., for example, and automatically taking into account the effect of the dollar-pound exchange rate.

● Fund management: computers' number-crunching power is applied to portfolio valuation, investment accounting and performance measurement, notably by Wood Mackenzie and Grieveson Grant. The results generally go out in printed form but Wood Mackenzie offers some clients a direct computer-to-computer link, sending the information out electronically.

● Research: several brokers use computers to support their analysis of companies, markets and economies. Simon and Coates and Philips and Drew run computer models of the UK economy, Wood Mackenzie has a North Sea oil industry model, consulted by among others, the Norwegian Government.

● Information distribution: firms have developed systems which display on screens, market and other information, notably on the Stock Exchange's Topic network and on British Telecom's Prestel system.

The pioneer was Hoare Govett which first distributed its Datastream information service in 1969 (Datastream later became an independent company and has since been acquired by the U.S. group Dun and Bradstreet).

● Interactive systems: a limitation of Topic is that it displays information in a pre-determined form — the next step is to develop systems which are interactive, allowing the information to be manipulated by the operator.

The first such networks have been developed for in-house use, notably for gilt traders who have a particular need to make rapid comparisons between the technical merits of different stocks. This is precisely the kind of job that a computer can do faster than a dealer with a good memory — and a calculator.

Such gilts systems have been developed by among others, Hoare Govett, Grieveson Grant, W. Greenwell, Wood Mackenzie and Philips and Drew. The networks are likely to be a central part of the *dealing* rooms of brokers who become primarily dealers in the new gilts dealing system due to be launched this year.

But the technology of interactive systems takes on a new dimension when it is used outside the broker's office.

In the latest developments, *Philips and Drew and Scrimgeour* Kemp-Gee have last year established external networks, code-named Gemini and Dogfox

Philips and Drew has effectively offered its clients the gilts information service used by its own traders. Wood Mackenzie among others is planning to do the same.

Scrimgeour's system is far more ambitious, linking about 80 of Britain's largest institutional investors

The Stock Exchange, too, is aware of the importance of networks and its aim is to ensure that member firms will have an equal chance in the new technological age. Jointly with the Bank of England, it is planning an *integrated data network* (IDN) — an electronic highway which will link display terminals in offices throughout the UK.

Brokers could use this network to talk to clients and to each other, thereby making obsolete private systems like Dogfox and Gemini.

There is a historic parallel which suggests that the Stock Exchange may be successful in helping the technology laggards to catch up. In the early 1970s several brokers leapt ahead in developing in-house computer-based accounting systems which made their businesses cheaper and more efficient than those run on manual ledgers. Within a couple of years, the Stock Exchange developed a central computerised settlement system for equities—Talisman—which virtually eliminated the advantage.

But this time round, the outcome may be very different. The investments needed by individual brokers are likely to be much larger. Even if IDN wins general acceptance in the City it will essentially be a passive network—the rewards will go to those who make the best use of it.

The backing of the banks which have taken stakes in stockbroking firms will be very important. Mr Alan Shanks, head of technology at Wood Mackenzie says: "Financial conglomerates must be prepared to bring capital not only for primary market making but also for technology to support it."

Yet whatever the level of technical sophistication, what matters is the contribution that computer-based services make to overall business of the stockbroking firm.

An indication of the potential *value of these services is given* by the £73m price which Dun and Bradstreet paid for Datastream earlier this year.

And Wood Mackenzie has deliberately excluded from its merger with merchant bank Hill, Samuel, its computer services division which is responsible for fund management related work. WM Computer Services is an independent company, owned by the Wood Mackenzie partners, which may eventually be floated on the Stock Exchange.

But these are exceptions. In most cases the aim is not to spin off computer services or even to regard them as a separate revenue earner.

Brokers running computer services naturally argue that these services increase their share of the total business—a claim that wins some support from investment managers at two of the UK's largest investing institutions who both said that the quality of computer-based services is taken into account in opportioning business.

The abolition of fixed-rate commission payments in the City revolution may make investing institutions more cost-conscious. But the example of the U.S., where the stock exchanges were deregulated several years ago, suggests that negotiated commission rates do not discourage clients from taking extra services such as computer-based systems. Moreover, American clients have continued by and large to pay their brokers on traditional "soft" terms.

However, the U.S. experience also carries a warning for British computer-brokers. Deregulation creates a more competitive *securities industry in* which some firms will inevitably go to the wall—putting their expensive computer hardware in the hands of the liquidator.

It might just be better to wait and see before making those big investments. As Mr Shanks says: "In this market it might be best to be second."

Lombard

Company support for the Tories

By Peter Riddell

SHOULD shareholders have a *greater say in deciding whether* their companies make donations to political parties? In all the attention being focused on the forthcoming trade union ballots on the existence of political funds the parallel question of corporate contributions has tended to be ignored. Yet major changes could be on *the way here as well.*

For a start, the automatic assumption of corporate support solely for the Conservative Party is being challenged. Some large public companies have decided to spread their donations by giving to the Alliance parties, in the hope of strengthening the non-Socialist alternative, as well as continuing to back the Tories on a large scale.

Secondly, the legal position of donations has come under question following the High Court decision in May 1983 that a contribution to the Labour Party of £50,000 by the League Against Cruel Sports was *ultra vires* since the party's aims go well *beyond the League's main* objectives. In the same ruling a separate contribution of £30,000 specifically to fund campaigning against cruel sports was permitted since it was directly in line with the League's objectives.

Hence, a company without express powers in its articles of association to make political donations may be breaking the law unless contributions can be said to be relevant to its business—for instance, to support a campaign against nationalisation of companies in its sector. A writer in the New Law Journal in August argued that a company wishing to ensure that its political contributions *would not be impugned* at a later date should identify policy measures which will directly assist the company's specific objectives.

Thirdly, by taking action solely against trade unions, the Government has abandoned the previous tacit understanding that neither Tories nor Labour would question the other's sources of finance. The requirement for regular ballots on union political funds has a lot of merit but it is one-sided. And, not surprisingly, the Labour Party has promised it will introduce legislation putting companies on the same footing as unions.

The Government, and many *boards of directors; argue* that the positions of unions and companies are completely different, both in law and practice. On this view, boards have the responsibility of deciding whether expenditure is in the best interests of a company. In any case political donations have to be disclosed in the *annual report, and can be challenged* at the subsequent shareholders' meeting. Disgruntled shareholders can, of course, always sell their holdings.

Yet these explanations are neither logical, given the asymmetry of treatment compared with trade unions, nor politically sensible. This is recognised by some companies which are either considering ceasing making donations and passing the money to shareholders in higher dividends, or, ballotting shareholders on where the company donations should go and distributing the money between various parties.

The opening up of the whole area of institutional backing for political parties is also reflected in the establishment by the Hansard Society and the Constitutional Reform Centre of a working party under Mr Edmund Dell to suggest a possible "best practice" code of conduct on corporate contributions. Among the issues this group will consider *are whether companies* should establish political funds as unions do, how far shareholders should be consulted and whether there should be a right to opt out.

The Conservative Party should have little to fear from such changes. Those companies which have sought the permission of their shareholders to make political donations have received overwhelming support. Moreover, even if such moves did lead to a reduction in company donations to the Tories, in parallel to a probable drop in trade union contributions to Labour, this would not necessarily be a bad thing. It might *provide an incentive for greater* individual participation in the financing of political parties and a stimulus to increasing membership. After all, the Tories already have a major advantage here with a membership nearly three times the total of the other three parties combined.

Letters to the Editor

Paying for medicine

From the Chairman, General Medical Services Committee, British Medical Association.

Sir,—How right you are (December 28) when you look forward to Government action in stimulating discussion on saving money on the NHS drugs bill. We must have discussion if we are to produce a solution which will cut the drug bill while protecting the health of our patients.

It is not the doctors but the Government which has held back from even talking about measures which could help cut across the whole £1.4bn area of drug expenditure instead of the £0.12bn proposed.

The suggestion of a drug black list, which is what the present *proposals amount to,* was rejected by the Government in its evidence to the Greenfield Committee report on "Effective prescribing," produced nearly three years ago. Now the black list is put forward as a solution while the many suggestions for cutting costs included in that report have been ignored.

Last June representatives of general practitioners from all over Great Britain at their annual conference deplored "the way in which the Government capitulated to the pharmaceutical industry thereby imposing an enormous financial burden on the NHS" and demanded "that the DHSS provide a box *on prescription forms,* in which the general practitioner could indicate his agreement to generic substitution."

Our reasons for refusing to co-operate in implementing the proposals have nothing to do with any pique over restrictions to our freedom to prescribe. Under the new proposals doctors will still be able to prescribe whatever is required. The new problem is whether or not our patients will be able to afford to pay. This is a basic change, by regulation, to the spirit of the NHS Act which ensures patients' treatment should be governed by their clinical needs, not by their ability to pay.

Your suggestion that doctors should in some way profit financially by making economies in their prescribing, presumably at the expense of their patients' health, is nothing short of scandalous.

(Dr) Michael Wilson.
BMA House, Tavistock Square, WC1.

Limited list of drugs

From Dr J. Happel

Sir,—Your leading article of December 28 is less than fair to the doctors. You do refer to "the Government's admittedly crude new constraints." Let me give you one or two examples of how crude they are.

Insomnia and anxiety, which you mention, are among the commonest symptoms we meet in practice, and their real *causes take up a good* deal of our time. You say in your article that the limited list "would exclude some of the more expensive brand-name products." That must be the understatement of the year.

In fact, only one tranquilliser and two hypnotics are listed from the common group of drugs we use to treat insomnia and anxiety. Yet we are always aiming at shorter-acting tranquillisers than the one preparation listed, and we have to ring the changes if we are to treat patients as individuals and not as sheep.

Then you make no mention at all of the moderate range of pain-killers, which also feature in the proposals, and are important in our work. Only aspirin and paracetamol are listed. May we not reasonably expect the patient of average intelligence to have tried those out before coming to see us? What are we to prescribe under the NHS? You are silent.

This list has been drawn up *hastily, and imposed* on the GPs. We GPs have shown in the past that, once roused, and where the interests of our patients are concerned, we can be just as tough as the miners. Certainly it will be for the Secretary of State and MPs, but not for us, to explain the proposals in detail to individual patients who will complain. We are just entering the busiest quarter of our year, so there may be quite a lot of letters flying.

All that could be avoided if the Secretary of State would withdraw his "admittedly crude" proposals. There is nothing between us on the need for economy.

(Dr) John S. Happel,
Dean House, Ropley, Alresford, Hants.

Where are the engineers?

From Mr A. Collie

Sir,—Engineers are fundamentally creative people akin to artists, whose commitment makes them prefer their occupation to all others. Attempts to increase their number (December 28) merely dilute the quality. There are enough. It is a lack of facilities which frustrate the engineers we have.

Attempts over the last nine months to obtain funds for R and D of a new type of robot from venture finance get the response: "When the working model can be demonstrated then we will consider it."

Hi-tech engineering needs a lot of risk money in the initial stages. The problem is communication between engineers, who if they fail to be creative get fired, and accountants who if caught being creative get fired or jailed!

Let the financiers put their purses where their pen is and *then let us see what* the engineers we have can do.

A. A. Collie.
11, Bacon Lane, Hayling Island.

Retirement benefits

From the Principal, William M. Mercer-Meidinger International

Sir,—Pension people certainly have lots to be horrified about in the UK at this time. Indeed the current dilemma seems to be where to direct the weight of ones horror.

If we look at only two of the current issues: (1) taxing pension fund investment income, and (2) indexing deferred vested pensions, we might notice that both increase the weight on businesses and decrease the weight on the Government. The overall effect is not unlike a tax increase.

In fact, I would suggest that the two put together will have an economic input very like the imposition of a new National Insurance surcharge of 4 per cent of payroll. Now that would be a cause for horror indeed!

The fact is that it is yet another employment-destroying step with the following effects: makes labour intensive activities less attractive; makes capital intensive industries more attractive; increases the proportion of business investment which flows through the inefficient institutional investment cycle; further divorces the ownership and management of business enterprises; concentrates even further the proportion of personal wealth represented by pension rights; and stifles individual enterprise and responsibility.

The idea of taxing pension fund investment income, on its own, is not unreasonable, especially in the light of the current widespread practice of corporate tax planning by heavily overfunding pension plans. If the Government also believes that retirement provisions are inadequate across the board, then it should take the extra tax revenues so collected and use them to increase the level of social security retirement benefits.

Michael McShee.
222, S. Riverside Plaza, 31st Floor, Chicago, IL 60606.

Robbing Peter to pay Paul

From Mr N. Bowie

Sir,—Your comment (December 29) on the effect on non-tax payers of the extension of the composite rate tax (CRT) system to banks is timely. Many non-tax payers, besides the low paid, are the elderly and poor members of our society, who, because they often cannot understand such complex matters, do not seek advice and thus suffer a financial loss of income.

The government should positively demonstrate that it is compassionate and caring for the less well off by abolishing the system.

It robs Peter to pay Paul. I suggest that every advertisement by building societies or banks seeking deposits from the public should carry "Government Wealth Warning to Non-*Tax-payers: You can earn* Higher Interest Rates elsewhere."

CRT will also affect charities, who already suffer by the failure of the government to relieve them of the burden of VAT.

Norman W. Bowie.
1 Uplands Close, East Sheen, SW14.

Change the RPI breadbasket

From the Managing Director, Employee Benefit Services

Sir,—Samuel Brittan's article of December 13 drew attention to an anomaly which makes a nonsense of the concept of "*fiscal neutrality.*" *He quotes* an Institute of Fiscal Studies' estimate to the effect that VAT on remaining foodstuffs, would add 2.75 per cent to the retail price index.

Earnings indices are not calculated net of personal income taxes. Expenditure taxes, such as VAT, should therefore be excluded from the prices used in the computation of RPI. Attempts to shift the burden of tax from income to expenditure will inevitably be inhibited if the consequential increase in expenditure taxes adds to RPI and, hence, to public expenditure in the form of increased state social security benefits and all other index-linked payouts.

The "breadbasket" used for calculating RPI should immediately be changed so that the VAT element in all prices is excluded, otherwise the Government itself is making a nonsense of the concept of "fiscal neutrality."

Dryden Gilling-Smith.
38, Finsbury Square, EC2.

FINANCIAL TIMES

Friday January 4 1985

U.S. motor production at highest level since 1979

BY PAUL TAYLOR IN NEW YORK

THE SIX U.S. domestic car manufacturers built almost 7.8m cars last year, a 15 per cent increase over 1983 and the highest level of production since 1979.

The figures, coupled with industry projections of a 17.9 per cent increase in car production this month, indicate the current buoyant mood in Detroit. This mood is likely to be reinforced by the December car sales figures, due out today, which were expected to show some recovery from the disappointing November figures. These were affected by a number of special factors, including *the lingering effects on supply* of the brief strike at General Motors last autumn.

The 1984 car production figures show substantial increases for all the U.S. manufacturers except Volkswagen's U.S. unit, which saw its output drop from 98,207 units in 1983 to 85,289, and American Motors, whose production fell to 192,1946 units from 201,993.

In contrast, General Motors' car production increased by 9.3 per cent to 4.34m units from 3.97m, Ford from 1.55m to 1.77m, Chrysler from 903,533 to 1.247m and Honda from 55,337 units to 151,674.

Last year is also expected to be a record one for sales of imported cars, particularly Japanese. Overall imports climbed in the first 11 months of the year by 2 per cent to 2.24m units from 2.19m in the corresponding period of 1983. The particularly strong demand for Japanese imports, which totalled 1.753m units in the first 11 months, has led some industry analysts to query how long that demand can be sustained before importers run out of cars under the current 1.85m quota limit which does not expire until April 1.

Analysts believe overall import sales in 1984 could top 2.4m, surpassing the 2.397m record set in 1980. In November, importers' share of the U.S. new car market grew to 25.1 per cent, up from 23.5 per cent in October and 24.5 per cent a year ago.

Kohl's optimism proves to be infectious

By Rupert Cornwell in Bonn

DOGGED he may be by a less than scintillating political image and by a scandal that will not lie down, but West German Chancellor Helmut Kohl does have one crucial thing going for him: his keep-smiling optimism quite clearly is infectious.

So much is clear from a recent opinion poll suggesting that his countrymen, long celebrated for their resolute gloominess, are entering 1985 more cheerful than at any time in the last six years.

No matter that other surveys show 60 per cent of the population claims to have lost faith in politicians thanks to the Flick slushfund affair – and more than four out of five believe the revelations so far are but the tip of an iceberg

The study by the Allensbach institute has found that 55 per cent of West Germans have embarked on 1985 in a hopeful frame of mind – an optimism rating higher – with just two exceptions – than at any year's end since the remote, simpler days of the late 1960s.

The reasons for the unsuspected peace of mind are undoubtedly various. They may include the facts that despite some exaggerations to the contrary, cruise and Pershing missiles have not brought the world to the brink of war, and that trees do still grow in Germany.

Without question, the florid state of the economy – apart from the 2m without work – has much to do with it. Few are the forecasters who for all their expertise can seriously quarrel with the view that 1984 was not bad, and that this year will be as good if not better.

For the Chancellor it is some proof of the "turning point" he promised when he came to power in late 1982. Two years ago the optimists numbered only 34 per cent. Since then, moreover, the pessimist school has shrunk from 32 per cent to only 14 per cent.

The mood is strongest in unlikely places. In the 16 to 29 age group for instance, where unemployment is highest and the temptation to despairing drop-out presumably greatest, no less than 65 per cent are optimistic.

Green voters, according to Allensbach, are nearly twice as cheerful as a year ago with a 53 per cent rating. Supporters of the liberal FDP, whose party could even disappear in 1985, are more optimistic than anyone, no less than 69 per cent of them.

The real pockets of misery are to be found among the over 60s – and the opposition Social Democrats, notable for their failure to make capital from Herr Kohl's genial blundering. Suitably, Die Zeit, that worthy pillar of West German journalism which leans, if anywhere, the SPD's way, produced a sober warning about the new trend.

"In the last few years we have learnt that everything was not as bad as we feared. In the years ahead we will recognise that things do not always work out as well as we hope."

EC old guard replaced, Page 2

Bonn tries to end uncertainty over car pollution controls

BY JOHN DAVIES IN FRANKFURT

WEST GERMAN officials are making another effort to remove the uncertainty over car exhaust controls which has led motorists to put off plans for buying new cars and caused new orders to decline for some car makers.

The mass production companies in particular have been suffering from the controversy over pollution curbs. The prestige car makers have been much less affected.

At Volkswagen, for example, domestic orders have been lagging behind those of a year ago, while orders from European export markets and the U.S. have been buoyant.

Workers at VW have voiced worries about the possibility of short-time working if the trend continues, but the company says such a move is not under discussion.

VW said that "practically all" car producers had felt a setback in domestic orders during the past few months because of the uncertainties about the car emission controversy.

Although it declined to give exact details, VW indicated that its new domestic orders in November showed a "double-digit" percentage *decline, compared with a year ago.*

The company said it hoped the market would return to a more normal state once the Government acted decisively to clarify issues.

Daimler-Benz said that it had felt little effect and was "very satisfied" with its orders.

The West German Automobile Industry Association (VDA) has been calling on the Bonn Government to remove elements of uncertainty.

Herr Hans-Jochen Vogel, the opposition Social Democratic Party leader in Bonn, yesterday accused the Government of dithering to such an extent that it was endangering not only the environment but also motor industry jobs.

Officials from the Finance Ministry in Bonn are trying to hammer out with state government officials detailed recommendations for "old" cars.

These include the limits to be set for exhaust emissions from old cars, which are to be adapted with anti-pollution devices. Plans are also being worked out for restructuring vehicle taxes in order to give motorists an incentive to have their cars adapted.

The federal Government has already decided in principle that all new cars being registered in West *Germany must meet emission standards* equivalent to those in the U.S. from the beginning of 1989. The standards are to apply to larger, new cars a year earlier.

It has announced plans to waive vehicle tax for periods varying between four and 10 years for motorists who voluntarily buy "environmental-friendly" cars before the target dates.

The whole issue is clouded, moreover, by the attitude of West Germany's partners in the European Community. France and Italy have not taken kindly to the West Germans' attempt to force the introduction of car emission controls and lead-free petrol in Europe.

Britain, too, has less incentive to give priority to the issue than West Germany, where environmental control has become a highly emotive and politically sensitive subject.

The number of new car registrations in West Germany last year will not be known for another few weeks, but is expected to be just below the 1983 level of 2.43m. Sales were hit by the lack of supplies during the seven-week labour conflict in the metal industries in May and June.

Because of the market's current state car companies are reluctant to *guess at new registrations this* year, but a decline in the overall total is thought likely.

Dutch set for more gas deals

BY LAURA RAUN IN AMSTERDAM

THE NETHERLANDS' agreement to export an extra 100bn cubic metres of natural gas at more flexible prices to West Germany is expected to pave the way for similar contracts with France, Italy and Belgium.

Gasunie, the Dutch national gas utility, will provide the additional gas to Ruhrgas, Thyssengas and Energieversorgung Wesser/EMS over a 10-year period beginning in the mid-1990s, when current contracts expire, according to Mr Antonius Grotens, director of Gasunie.

Negotiations with other customers are expected to be concluded soon, now that the two largest purchasers, Ruhrgas and Thyssengas, have agreed on terms.

Gasunie, which is a mixed company, officially reopened export-contract negotiations (which occur every three years) in early October. The Dutch Government authorised additional gas exports last year following successive upward revisions in estimates of gas reserves.

Gasunie designed a price formula that would fend off competition from gas exporters like the Soviet Union.

The new gas export prices will be pegged to gasoil as well as fuel oil in a 50-50 ratio instead of the previous 95 per cent relation to fuel oil, Gasunie said.

Gasunie would also begin charging a higher premium for its swing capacity, the most flexible delivery capacity in Europe, a Government official confirmed. He explained that the fuel oil-gasoil peg would vary from customer to customer depending on local needs and thus prices for various purchasers would differ.

Gasunie said it was offering to export an additional 250bn cu m of gas in the decade up to 2005, almost half of which would go to West Germany. The gas utility's existing contracts cover 955bn cu m, of which 390bn are still to be delivered.

Mr Grotens said he did not expect the UK to buy any Dutch gas.

UK may make use of U.S. spy in space

By Peter Marsh

OFFICIALS in Britain's Ministry of Defence (MoD) are discussing how they could benefit from work in surveillance techniques aboard the mainly civilian U.S. space station planned for the 1990s.

Military officials would be interested in results from experiments with high-resolution cameras carried on a small, free-flying platform that would be the UK's contribution to the orbiting base.

Britain, with other West European nations, is due to help in the development of the station, to which President Reagan last year committed $8bn. The West European countries are to decide at the end of this month whether to spend up to a further $2bn as their share of the programme.

With the orbiting cameras, UK defence experts could gain access to space pictures of, for example, missile silos in the Soviet Union or any movement of shipping around the Falklands that could herald a new invasion of the islands by Argentina.

This hardware would be loaded on a small platform that periodically docks with the main space base. The platform would move at an altitude of a few hundred kilometres in an orbit over the North and South poles, so covering the whole of the earth's surface.

British Aerospace has produced a design for such a structure and officials at the UK Department of Trade and Industry, who are responsible for most elements of British space policy, are anxious that this is incorporated into the European part of the orbiting base.

The UK platform could be a component of Columbus, a European module proposed by West Germany and Italy that plugs into the main U.S. core like a toy building block.

The British structure would also have civilian applications – it could support scientific experiments, for instance – but use of the hardware fits in with the MoD's plans on building up experience in remote sensing from space for military uses.

The MoD already obtains spy satellites pictures of sensitive areas of the globe from the U.S. The data is vital to ensure accurate aiming of nuclear missiles such as Polaris or Trident.

An independent, or pan-European, platform from which to take snapshots could reduce the UK's reliance on the U.S.

£ steadier amid rate rise fears

Continued from Page 1

up 0.4 per cent compared with Wednesday's close.

Sterling's steadier performace reflected a slight easing of the dollar with the Bank of England dollar index 0.1 per cent below Wednesday's record level at 145.5.

London money market interest rates rose sharply in the morning, but the Bank of England acted early to ease the pressure by taking out all the shortage in the market at unchanged dealing rates. By the end of the day, however, the three-month interbank rate was up to 10⅝ per cent, ¼ of a percentage point above Wednesday's closing rate.

The general view in London is that the gap of about 1 percentage point between the three month interbank rate and clearing banks' base rates is too large to be sustained for much longer. This means that unless money market rates fall in the next few days banks will be forced to raise base lending rates from the present 9½ to 9¾ per cent to perhaps 10½ per cent.

● Britain's gold and foreign currency reserves rose $198m in December to $15.69bn. After allowing for Government transactions the underlying rise was $36m, the Treasury said.

THE LEX COLUMN

Happy hour in Hong Kong

The Hong Kong stock market is much happier thinking about property prices than about politics and, with the Anglo-Chinese agreement safely out of the way, it can at last contemplate a period of trading unclouded by diplomatic worries. The Hang Seng Index has risen by almost a quarter since the agreement was initialled in September and stood at 1235.98 after another strong run yesterday.

General confidence that the property market is past the nadir has been tempered by a lingering suspicion that companies may yet have nasty provisions to report with their 1984 results. But few of these should stray from the balance sheet into the revenue account and all the indications are that, while the long-awaited pick-up in central district rentals is still a distance away, the ground for it is being laid through a higher take-up rate on office accommodation and more acceptable land auction prices. The letting of Exchange Square is a hurdle still to be faced but, in marked contrast to a year ago, the property bears are now greatly outnumbered.

The optimism is, after all, only consistent with the very strong performance of the real economy. The Hongkong and Shanghai Bank, which generally errs on the side of caution, is forecasting GNP growth of 10 per cent for the current year, a shade below 1984's likely outcome but enough to ensure double-digit growth in corporate profits. And, on that assumption, the equity market as a whole is trading on a prospective earnings multiple of only 12.

The domestic economy – and the stock market for that matter – are admittedly being propelled by what look very loose monetary conditions; the China trade may not be quite the pot of gold which its enthusiasts predict; and the currency cannot be depended upon to hold its fixed rate against the dollar so easily for ever. But, as the year of the Ox approaches, most of the signs are distinctly auspicious.

Telecom distortion

When fund managers are called to account by their trustees this year they will have some explaining to do. Unless they were extremely lucky, most of them will have underperformed the FT-All-Share Index in 1984, and not just because they made the wrong invesment decisions.

In their first day of trading British Telecom shares jumped 48p and lifted the All-Share by 1.4 per cent. Since most funds received only about a third of the BT shares they needed to give the proper weighting in their portfolios they will have underperformed by close to 1 per cent.

Some of that effect would have been mitigated had the Index followed the FT-SE 100 in using the BT closing price, rather than its issue price, distortion would then have favoured anyone who bought the shares at their 50p partly paid issue price, and it is not clear that the end result would have been preferable.

The effect of the shares going to an immediate premium was short-lived but, in the longer term, funds will still lose out if BT does well. Telecom is capitalised in the index at £10.36bn and weighted accordingly. Half of that is still owned by the Government, however, which makes it extremely difficult for funds ever to have a representative chunk of BT in their portfolios.

That is not to say, however, that the Index Committee has got it wrong. If it makes a precedent for BT, what should it do with BP or Cable & Wireless, or companies with family holdings like J. Sainsbury? At least fund managers can have a quiet chuckle if BT shares ever do a U-turn and the funds outperform the Index instead.

Grand Met

Grand Met's acquisition for paper of Quality Care of the U.S. is unlikely to raise many hackles on either side of the debate on vendor placings. The 4 per cent discount on the share price should irritate only the most principled of Grand Met shareholders, although the earnings dilution may be about 2 per cent. A cash purchase, even at yesterday's reduced price of $124.6m, would have pushed Grand Met's net debt-to-equity ratio back up to the bad old level of 60 per cent; a cynic might argue that a small rights issue now might have queered the pitch for something bigger later.

The August cash offer for Quality Care may have been founded on the hope of good money from the leveraged buyout of L & M Tobacco, but this is now off the cards. The price war with BAT in unbranded cigarettes means there is not the cash-flow to support a buyout while no other purchaser would be tempted to look at L & M at least until the present discounts run out at midsummer.

Grand Met will find it difficult to make much money selling cheap cigarettes in the U.S. this year and this may have soured the City of London's welcome for the Quality Care move; a simultaneous disposal and acquisition might have caught the imagination. Goodwill of $100m and a sterling price of £109m for Quality Care might look steep, were not home nursing services one of the best bets in U.S. health care.

China reform plans

Continued from Page 1

himself expected to get over 300 yuan ($107) a month compared with a previous salary of less than 100 yuan. While the inefficient might not be dismissed, their wages would be gradually reduced to the point where they might prefer to leave.

To help cut subsidies, China is this year to begin privatising its housing stock, it was announced last month. Long committed to state ownership of homes let at greatly subsidised rents, China now plans to sell off flats to reduce the financial burden on the state. Chinese banks with advice from British insurance experts are evolving a scheme of 10 year loans to finance such purchases.

Even the army, long seen as the major opposition to Deng's reforms, has begun to modernise. Yang Dezhi, China's Chief of Staff, said yesterday that ranks were being thinned to help the economy. Soldiers had been demobilised and 40 senior officers had resigned. Army factories, airports and other facilities were being turned over to the civilian sector. With this degree of apparent support from the military the omens for Deng's other planned changes look promising.

● China's billion people spent a record amount of money last year and are expected to spend even more this year, the Commerce Ministry said yesterday.

Retail sales rose 17 per cent to 300bn yuan ($107bn) and could go up by nearly 20 per cent this year if wage and price reforms are taken into account, the ministry told the New China News Agency and China Daily.

It said luxury goods, clothing and better food were in demand.

Reagan adviser quits

WASHINGTON – Mr Michael Deaver, Deputy White House Chief of Staff, one of President Reagan's closest personal advisers, is resigning, the White House said yesterday.

"Much of the success we've enjoyed in the first term of my presidency is directly attributable to him," Mr Reagan said in a statement announcing the resignation.

Mr Deaver, aged 46, will return to the private sector. His resignation will take effect between March and May.

He becomes the second member of Mr Reagan's conservative inner circle of trusted California friends and aides who has resigned this week. On Wednesday the White House said Mr William Clark, Interior Secretary, would leave Washington this spring.

The resignation of Mr Deaver was not unexpected.

Mr Deaver, a public relations specialist, has probably had more access to Mr Reagan than any other administration official.

He began his association with the President when the President was Governor of California in the 1960s. Mr Deaver served as assistant to the governor and as director of his administration.

In California and Washington, he has been largely responsible for drawing up the personal schedules of Mr Reagan and his wife.

"Mike has rendered 18 years of loyal and outstanding service to me and my wife both in California and in Washington" said Mr Reagan.

There was no word on who would replace Mr Deaver, who often acted as a moderating influence in the decision-making process of the White House.

Reuter

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	–	—	—	Dubrovnik	C	3	37	Malaga	S	16	61	Salzburg	C	-5	23
Akrotiri	C	17	63	Faro	F	13	55	Malta	R	11	52	Seoul	F	4	39
Algiers	C	14	57	Florence	S	5	41	Manila	S	31	88	Singapore	F	30	86
Amsterdam	F	1	34	Frankfurt	C	-2	28	Miami	C	25	77	Stockholm	F	-9	16
Athens	C	14	57	Funchal	C	16	61	Milan	Fg	-3	27	Strasbourg	Sn	-3	27
Bahrain	S	24	75	Geneva	F	-3	27	Moscow	Sn	-8	18	Sydney	S	26	79
Bangkok	S	33	91	Gibraltar	S	17	63	Munich	Sn	-7	19	Taipei	C	20	68
Barcelona	S	8	46	Guernsey	F	5	41	Nairobi	S	25	77	Tangier	F	15	59
Beirut	F	15	59	Helsinki	S	-15	5	Naples	S	6	43	Tehran	–	—	—
Belgrade	Sn	-5	23	H. Kong	S	22	72	New Delhi	F	13	55	Tel Aviv	S	16	61
Berlin	C	-6	21	Innsbruck	Sn	-5	23	New York	C	14	57	Tenerife	–	—	—
Biarritz	S	5	41	Inverness	R	1	34	Nice	C	6	43	Tokyo	S	5	41
Blackpool	S	3	37	Istanbul	F	9	48	Oporto	F	9	48	Toronto	C	-1	30
Bordeaux	S	4	39	Jersey	F	5	41	Oslo	Sn	-7	19	Tunis	C	9	48
Brussels	C	0	32	Jo'burg	S	30	86	Paris	C	1	34	Valencia	S	11	52
Budapest	S	-5	23	Las Palmas	F	20	68	Prague	F	-6	21	Venice	S	1	34
B. Aires	C	31	87	Lima	S	24	75	Reykjavik	R	7	45	Vienna	Sn	-5	23
Cairo	S	16	61	Lisbon	Fg	6	43	Rio de J'o	C	31	88	Warsaw	S	-5	23
Cape Town	C	23	73	Locarno	C	3	37	Rome	F	7	45	Zurich	S	-5	23
Caracas	C	26	79	London	C	3	37								
Casablanca	S	18	64	Los Angeles	F	22	72								
Copenhagen	F	-5	23	Luxembourg	Sn	-4	25								
Corfu	F	8	46	Madrid	S	6	43								
Dublin	S	3	37	Majorca	S	11	52								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Increase in UK jobless slows

Continued from Page 1

December mainly reflected the fact that 17,000 school-leavers came off the unemployment register. That more than offset the continued rise in adult unemployment, which rose by 13,000 in the month.

The number of people on special training and employment schemes in November was estimated to be 679,000. Not all these would have otherwise been unemployed, however. The effect on the unemployment register is estimated to be to reduce the total by 485,000.

Mr John Prescott, the Labour Party's employment spokesman, claimed yesterday that the Government's strategy was to produce tax cuts in the budget at the expense of higher unemployment.

He said: "The New Year starts as it will continue, with more thrown on the dole to pay for tax cuts and our so-called economic recovery. Despite the fiddling of the figures, they are ever upwards and an indictment of the Government."

David Brindle in London writes: Mr David Basnett, chairman of the economic committee of the Trades *Union Congress, said:* "The rise in unemployment this month and the larger rise certain next month presents a tragic start to the new year.

"We must have a new start, taking care of those in need, particularly the unemployed – not enriching those lucky enough to be at work. For the Chancellor (of the Exchequer) to contemplate a tax give-away budget is economic and social nonsense.

"That money could be used directly to create jobs through infrastructure investment in building houses, roads and sewers and electrifying railways. That would not only create jobs, it would improve the environment and promote industrial growth. What he proposes would be economically and morally objectionable."

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SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Friday January 4 1985

WALL STREET

Fed fails to calm erratic trading

SECURITIES markets tried to steady in New York yesterday after the Federal Reserve took steps to check the rise in the federal funds rate, *writes Terry Byland in New York.*

Bond prices recovered about one full point of Wednesday's fall, and short-term rates eased a shade as federal funds dipped to 8¾ per cent.

The stock market fell sharply at the end of a somewhat erratic session, however. Motor stocks and high-technology issues ran into selling pressure at the end of the day.

At the close, the Dow Jones industrial average was a net 9.05 points down at 1,189.82, a sudden reversal of a one-point gain on record at 3.00pm. Turnover was brisk, with 89.6m shares traded.

Earlier in the day, leading stocks managed to rally from a poor start, although across the broad range of the market, sellers remained in the majority.

The bond market was helped by an initial easing in the federal funds rate, which had touched 11 per cent late in the previous session as the bank settlement operation was unfolded. The rate had already drifted down to 8¾ per cent yesterday when the Fed announced four and seven-day system repurchase arrangements.

Taken with Wednesday's overnight repurchases, also made on the Fed's own account, the move was read as a reminder that the board is in an accommodating mood. Nevertheless, the funds rate turned higher again as the session progressed.

There was still some nervousness in the credit markets lest a re-strengthening economy might discourage the Fed from further action to lower interest rates. Economic data were mixed, with factory orders sharply up in November, but single family house sales down by 10.6 per cent.

The stock market remained uncertain with a low level of cash balances at the main institutions holding market turnover down. In addition to its worries about corporate profits, the market has to face the 1985 budget negotiations and the Treasury's tax plans.

Stock prices rallied after a weak start, however, with early selling across the broad range of the market dying away at noon.

The latest car sales figures helped motor stocks. Chrysler at $31⅞ put on $⅜, and General Motors also added $¾ to $77½. American Motors edged up $⅛ to $3⅞ after forecasting a profit for the year.

Sales figures for December from the big store groups proved a disappointment for the retail sector. Share prices, however, made little response. Woolworth at $37, J.C. Penney at $46¼ and Sears at $32 were little changed by their respective announcements.

High-technology issues have been weak since the turn of the year. IBM at $120 shed $1, Honeywell at $58½ was down $3½ and Control Data at $33½ lost $1.

In a mixed chemicals sector, Union Carbide was unchanged at $37, but Dow Chemical added $⅛ to $27¼ in good turnover.

Coleco Industries gave up $1⅜ of Wednesday's rise to trade at $13 in continued reaction to its decision to abandon the home computer market. Among the rivals likely to attract Coleco's market share, Apple Computer gained $½ to $28⅜ and Commodore International $⅝ to $17⅞.

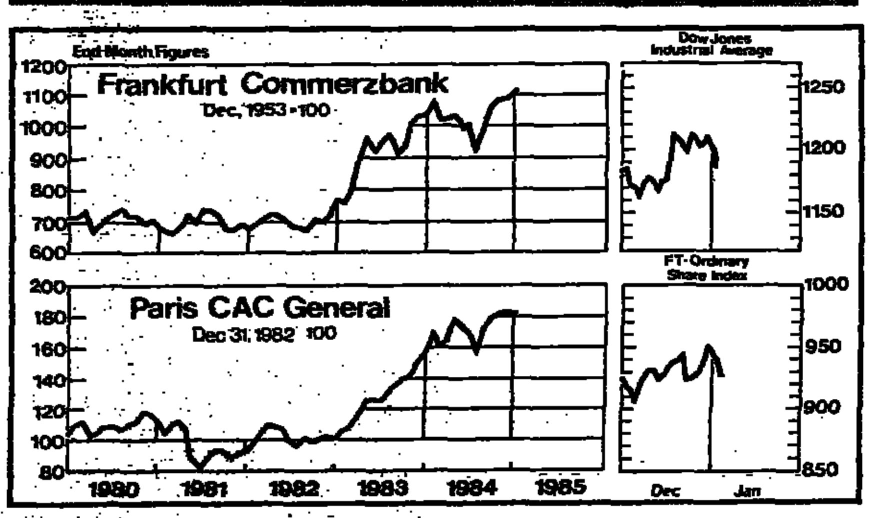
In pharmaceuticals, still upset by a strong dollar, Bristol-Myers knew of no reason for its stock's further dip of $1½ to $49¾. Merck dipped $1⅛ to $91½. Pfizer lost $1⅛ to $39¼.

Stock in Procter & Gamble, the household products manufacturer, dipped $⅞ to $55⅞ with the board making no comment after two Wall Street firms cut their earnings forecasts.

Takeover stocks took a back seat as the Phillips Petroleum positions were unwound at $42⅞, down $⅝ with turnover still relatively high.

Trading in federal bonds was still nervous, and prices slipped off their best levels at midsession. The price of the key long bond was 26/32 up at 100 20/32. Short-term rates were little changed, with bank certificates of deposit steadying after the recent dip in rates. Treasury bills also stayed close to overnight levels, with three-month bills at 7.79 per cent and six-months at 8.15 per cent.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Jan 3	Previous	Year ago
NEW YORK			
DJ Industrials	1,189.82	1,198.87	1,258.64
DJ Transport	555.58	553.70	598.59
DJ Utilities	147.26	147.77	131.84
S&P Composite	164.57	165.37	164.93
LONDON			
FT Ord	928.7	940.4	783.6
FT-SE 100	1,206.1	1,220.0	1,000.0
FT-A All-share	581.88	588.57	477.44
FT-A 500	636.98	644.88	509.61
FT Gold mines	451.3	473.3	562.4
FT-A Long gilt	10.51	10.49	10.1
TOKYO			
Nikkei-Dow	closed	11,542.6	9,893.82
Tokyo SE	closed	913.37	731.8
AUSTRALIA			
All Ord.	726.5	729.0	775.3
Metals & Mins.	409.5	411.7	562.2
AUSTRIA			
Credit Aktien	59.04	59.22	56.34
BELGIUM			
Belgian SE	2,168.79	2,174.44	n/a
CANADA			
Toronto			
Metals & Minls	1,899.54	1,932.2	2,492.0
Composite	2,377.04	2,394.8	2,552.3
Montreal			
Portfolio	118.31	119.71	125.01
DENMARK			
Copenhagen SE	n/a	165.85	214.86
FRANCE			
CAC Gen	180.9	181.6	156.7
Ind. Tendance	*100.1*	*100.2*	*100.0*
WEST GERMANY			
FAZ-Aktien	382.39	385.17	349.25
Commerzbank	1,111.8	1,118.4	1,033.1
HONG KONG			
Hang Seng	1,235.98	1,220.74	874.94
ITALY			
Banca Comm.	229.16	228.56	191.48
NETHERLANDS			
ANP-CBS Gen	185.6	186.6	154.2
ANP-CBS Ind	147.9	148.4	129.3
NORWAY			
Oslo SE	289.46	288.18	222.06
SINGAPORE			
Straits Times	793.18	800.47	1,002.03
SOUTH AFRICA			
Golds	908.3	941.5	887.5
Industrials	931.9	933.6	966.1
SPAIN			
Madrid SE	102.64	101.48	117.97
SWEDEN			
J & P	1,361.84	1,361.60	1,445.48
SWITZERLAND			
Swiss Bank Ind	386.7	385.6	383.8
WORLD	Jan 2	Prev	Year ago
Capital Int'l	187.1	187.1	184.0

GOLD (per ounce)

	Jan 3	Prev
London	$303.50	$305.50
Zürich	$303.75	$306.35
Paris (fixing)	$300.07	$306.23
Luxembourg	$301.00	$306.55
New York (Feb)	*$303.20*	*$304.20*

* *Latest available figure*

CURRENCIES

(London)	U.S. DOLLAR Jan 3	U.S. DOLLAR Previous	STERLING Jan 3	STERLING Previous
$	–	–	1.1505	1.1485
DM	3.1615	3.173	3.64	3.645
Yen	252.4	251.75	290.5	289.0
FFr	9.6825	9.705	11.1675	11.15
SwFr	2.621	2.617	3.015	3.005
Guilder	3.571	3.5795	4.1125	4.1125
Lira	1,945.5	1,948.0	2,244.0	2,235.0
BFr	63.35	63.55	66.00	73.05
C$	1.32075	1.32245	1.371	1.51575

INTEREST RATES

	Jan 3	Prev
Euro-currencies (3-month offered rate)		
£	10 7/16	10 5/16
SwFr	4⅞	4 13/16
DM	5 11/16	5 11/16
FFr	*10 13/16*	*10⅞*
FT London Interbank fixing (offered rate)		
3-month U.S.$	8⅞	8 11/16
6-month U.S.$	9⅜	9 3/16
U.S. Fed Funds	8¾	9
U.S. 3-month CDs	8.15	8.3
U.S. 3-month T-bills	7.79	7.83

U.S BONDS

Treasury	Jan 3* Price	Jan 3* Yield	Prev Price	Prev Yield
9⅞ 1986	99 24/32	10.02	99 24/32	10.02
11⅝ 1992	100 10/32	11.56	99 25/32	11.67
11⅝ 1994	100	11.62	99 14/32	11.70
11¾ 2014	100 20/32	11.63	100 12/32	11.70
Corporate				
AT & T				
10⅞ June 1990	95⅞	11.40	95⅞	11.40
3⅞ July 1990	73½	10.30	73½	10.30
8¾ May 2000	76⅛	12.25	76⅛	12.25
Xerox				
10⅞ March 1993	93⅜	12.00	93⅜	12.00
Diamond Shamrock				
10⅞ May 1993	92⅞	12.10	92⅞	12.10
Federated Dept Stores				
10⅞ May 2013	86¾	12.30	86¾	12.30
Abbot Lab				
11.80 Feb 2013	94½	12.50	94½	12.50
Alcoa				
12¼ Dec 2012	96⅛	12.75	96⅛	12.75

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Mar	70–21	70–28	70–03	70–11
U.S. Treasury Bills (IMM) $1m points of 100%				
Mar	91.72	91.77	91.65	91.67
Certificates of Deposit (IMM) $1m points of 100%				
Mar	90.92	90.99	90.83	90.88
LONDON				
Three-month Eurodollar $1m points of 100%				
Mar	90.56	90.56	90.41	90.48
20-year Notional Gilt £50,000 32nds of 100%				
Mar	105–20	105–26	105–06	105–20

COMMODITIES

(London)	Jan 3	Prev
Silver (spot fixing)	523.65p	546.55p
Copper (cash)	£1,134.25	£1,136.50
Coffee (Jan)	*£2,236.50*	*£2,260.00*
Oil (spot Arabian Light)	$26.70	$27.85

HONG KONG

Overseas support returns

THE RE-EMERGENCE of overseas fund managers with fresh buying orders buoyed Hong Kong yesterday with a further 15.24 point gain to 1,235.98 in the Hang Seng index.

The ebullient mood of the previous session, which had been triggered by favourable forecasts from the Hongkong and Shanghai Bank, was extended in many sectors, particularly finance and utilities, but property shares eased on technical selling.

Investors largely ignored a plethora of bearish signals from abroad, including a sharp drop in New York share values and a lower international bullion price. Instead, they focused on local developments such as suggestions that Swire Pacific will make a bid for the shares it does not own in Hong Kong Aircraft Engineering, which added 90 cents to HK$15.50. Swire gained 3 cents to HK$21.60, a new 1984-85 peak.

In banks, Hang Seng rose 50 cents to HK$44, a rise of HK$2 in the last two sessions, while Hongkong and Shanghai firmed 20 cents to HK$8.30, also a high for the year.

Hongkong Telephone surged to a year's high in a firmer utilities sector with its HK$4.75 advance to HK$54.50. Other leading shares reaching new highs with less dramatic gains included Hutchison Whampoa, 20 cents ahead at HK$18.80, and Cheung Kong, 10 cents higher at HK$10.70.

SINGAPORE

FURTHER selling pressure developed in Singapore, with the Straits Times industrial index shedding 6.54 to 793.18, just 8 points above its low for the last 12 months.

Lum Chang, again the most active with 289,000 shares traded out of a total turnover of 6.3m, finished unchanged at 95 cents, while Promet, also active, was steady at S$1.70.

Singapore Press surrendered the strength displayed in the previous session with a 25-cent decline to S$5.90, a new low for the year, while Malayan Banking, which also avoided the downturn on Wednesday, shed 10 cents to S$5.45, just above its low point for 1984-85.

AUSTRALIA

MOST of Wednesday's gains were lost in light Sydney trading yesterday as institutional activity remained low and the All Ordinaries index fell 2.5 to 726.5.

Resource issues led the decline, with oil and gas shares reversing much of their recent gains. BHP, reporting that further testing is necessary in a Timor Sea exploration well, fell 6 cents to A$5.10 while Weeks Australia, its partner in the venture, slipped 7 cents to 80 cents.

SOUTH AFRICA

THE BREACHING of the $300 support level for gold dismayed Johannesburg mining shares although no heavy trading ensued.

Buffels sustained a R2 fall to R66.50 while Driefontein lost 75 cents to R47.25. Diamond miner De Beers turned 16 cents lower to R8.07, a new low for the 1984-85 period, while copper miner Palabora Mining fell 25 cents to R14.25. Platinums also softened, with Impala 25 cents off at R21.50.

Industrial leader Barlow Rand shed 10 cents to R10.65.

EUROPE

Record run at end in Frankfurt

WIDESPREAD profit-taking yesterday left shares off the record levels set in West Germany and the Netherlands during the previous session, with investors also reacting to the overnight downturn on Wall Street.

In **Frankfurt**, the Commerzbank index broke the run of records set over the past three trading sessions, falling 6.6 to 1,111.8. Declines were seen in most sectors, though many issues managed to close above their lows for the day.

Among hard-hit motor manufacturers, Porsche fell DM 14 to DM 1,025, Daimler DM 6.50 to DM 593.50, BMW 3.50 to DM 371.50 and VW DM 1.80 to DM 207.

Electricals saw Siemens DM 2.10 lower at DM 478.40 while BBC eased 10 pfg to DM 199.90. In the high-technology sector, PKI went against the general trend adding DM 8 to DM 673, following Wednesday's DM 16 advance. IWKA, however, was DM 3.50 lower at DM 227, and Nixdorf fell DM 6 to DM 515.

Among retailers, Horten fell a further DM 2.50 to DM 179.50 in continued reaction to Wednesday's lower 10-month sales, Karstadt eased DM 2 to DM 236.50 and Kaufhof dropped DM 1.80 to DM 218.50.

Banks which had found strong demand during the precious session eased. Deutsche fell DM 1.50 to DM 383.50, Dresdner DM 2.80 to DM 193 and Commerzbank DM 1.50 to DM 168.80.

In metals, Degussa shed DM 6 to DM 340, Preussag DM 2 to DM 252 and Metallgesellschaft DM 2.50 to DM 215.50.

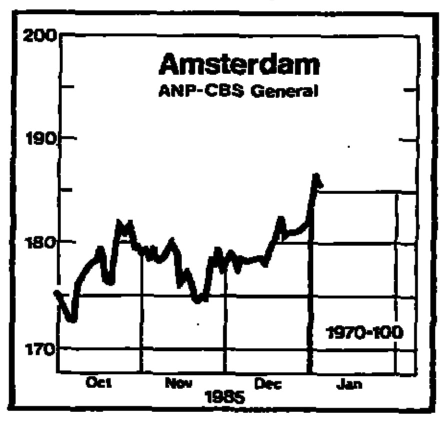
Bond prices fell back amid concern at the continued strength of the dollar and expectations of higher interest rates. The Bundesbank bought a hefty DM 54.5m of paper, after purchases during the previous session totalling DM 16.3m.

In **Amsterdam**, the advance of the previous session was seen to be overdone, and prices retreated after a spate of early profit-taking. The ANP-CBS General index eased 1.0 to 185.6.

Insurers, which displayed particular strength on Wednesday, lost ground, with Nat-Ned down Fl 1.50 at Fl 260, Aegon 50 cents at Fl 153.50 and Amev Fl 1.30 at Fl 213.

Bond prices edged lower in quiet trading, with few investors ready to re-enter the market after the holiday break.

The favourable outlook for the economy gave a spur to share prices in **Zurich** as investors returned after their long New Year holiday. Trading, however, was light, with the strength of the dollar and Wall Street's downturn proving a disincentive to new investment strategies.



Shares were mixed to lower in quiet **Paris** trading, although the mood was assisted by the ¼ point cut in the Bank of France's money market intervention rate to 10½ per cent.

Brussels was easier in quiet trading, with most price movements in a narrow range. Electrical holding Electrobel fell BFr 110 to BFr 8,220, however.

Elsewhere, Arbed, the Luxembourg steelmaker, put on BFr 20 to BFr 1,620 after the company said production had risen by an estimated 21 per cent last year.

Madrid ended higher in light trading, with the improvement led by advances in construction issues. **Milan** reversed Wednesday's downturn to close selectively higher, with most of the buying interest focusing on banks, insurers and other financials. **Stockholm** finished the day mixed.

LONDON

Rate fear uncertainty depresses

INTEREST rate uncertainty shrouded London stock markets yesterday. Speculation that base lending rates will have to rise because of the clearing banks' exposure to recently enhanced UK money market rates, brought about primarily by sterling's persistent deterioration, caused the biggest scare. Doubts also revived over the short-term outlook for U.S. interest rates, however.

The American market's slide overnight gave London dealers notice to expect impending weakness. Many leading shares were sold quite heavily as investors opted to realise the often sizeable profits obtained via last month's price upsurge.

Sterling's afternoon rally against both the dollar and leading European currencies underpinned market sentiment, and the gilt-edged sector, which had looked the worse for wear at one stage, recovered well. Most maturities more than halved their early falls to close around ¼ down on the day with the exception of index-linked issues. These retained losses of ½ and slightly more in some cases.

The FT Ordinary share index opened 16.5 down but gradually recovered to close a net 11.7 lower at 928.7.

Chief price changes, Page 20; Details, Page 23; Share information service, Pages 24-25.

CANADA

METALS and minerals suffered most in a decidedly lower Toronto, and the metals and minerals index fell 32.73 to close at 1,899.54. All other indices were markedly lower.

Utilities were the weakest spot in a softer Montreal, with substantial retreats experienced by both industrials and banks.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
23½	16⅝	AAR	.48	2.6	14	11	19⅛	18¾	18⅞	+ ⅛
30½	9⅛	AGS			10	106	13⅞	13¾	13⅞	+ ⅛
22	13½	AMCA	1	6.8		2	14⅝	14⅝	14⅝	− ⅛
17⅞	13⅝	AMF	.50	3.5	79	432	14½	14¼	14¼	− ¼
41¼	24¼	AMR			6	6929	36	35¼	35⅝	+ ¼
20½	16¼	AMR	pf2.18	11		85	19⅝	19⅜	19⅝	+ ¼
41½	27½	AMR	pf2.13	5.8		156	36⅝	36¼	36⅝	+ ⅜
14⅜	8½	APL			3	1	10¼	10¼	10¼	− ⅛
69⅜	44⅜	ASA	3	6.4		599	47¼	46½	46⅝	+ ⅛
30⅛	16	AVX	.32	1.9	10	62	17	17	17	− ⅛
48⅜	36⅜	AbtLab	1.20	3.0	13	2138	40⅞	39⅞	40½	− ½
23⅞	16½	AccoWd	s.44	2.0	18	139	22	21½	21½	− ⅛
27¼	12½	AcmeC	.40	3.0		121	13½	13	13⅜	+ ⅛
18⅞	15	AdaEx	2.11e	13		65	16½	16¼	16⅜	
18⅝	11⅞	AdmMl	.32	2.0	8	2	16¼	16¼	16¼	+ ⅛
21½	8⅝	AdvSys	.81	7.6	17	127	10⅞	10½	10⅝	
41⅛	25⅛	AMD			13	4098	29⅛	28⅝	28⅞	− ⅛
14⅛	6⅞	Advest	.12	1.5		71	8¼	7⅞	8	+ ½
15⅝	8¼	Aerflex			10	11	10½	10⅛	10½	+ ⅛
39	27¼	AetnLf	2.64	7.2	30	2200	36½	35⅞	36½	+ ⅛
58⅜	52⅜	AetL	pf5.87e	11		255	54⅞	54½	54⅞	− ⅛
34½	15¼	Ahmns	1.20	4.7	11	2956	25⅞	25⅛	25½	− ½
5⅞	2⅝	Aileen				12	2⅛	2⅛	2⅛	
48⅜	36½	AirPrd	1.20	2.6	10	221	46⅞	46	46⅞	+ ⅝
30½	13	AirbFrt	.60	3.2	10	15	18½	18¼	18½	
4⅛	1⅞	AlaMoa	.50e	13		60	4	3⅞	3⅞	
27⅛	21	AlaP	pf2.97e	12		17	24½	24½	24½	
31	26⅛	AlaP	pfA3.92	13		7	30½	30	30½	+ ½
7⅛	6	AlaP	dpf.87	12		68	u7⅛	7¼	7⅛	+ ⅛
71	61½	AlaP	pf 9	13		z200	67½	67½	67½	+ ½
74⅜	63½	AlaP	pf9.44	13		z60	72	72	72	− ½
64⅜	57	AlaP	pf8.16	13		z40	62½	62½	62½	
64½	56	AlaP	pf8.28	12		z220	63	63	63	
13⅞	10¼	Alagsc	s.92	7.4	8	93	12½	12⅜	12⅜	− ⅛
17¼	9⅝	AlskAir	.14	1.0	8	583	14⅜	14⅛	14⅛	− ¼

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Continued on Page 19

هكذا اصل الأصل

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 20

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 18

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
25⅜	23⅛	WisG	pf2.55	11		2	24¼	24⅛	24¼	+½
30⅞	25¼	WiscPL	2.56	8.8	8	124	29½	29¼	29¼	-⅛
32⅞	24⅛	WiscPS	2.56	8.2	7	123	31⅞	31⅛	31⅞	+¼
39½	27⅛	Witco	1.48	4.4	8	185	33⅝	33⅛	33⅝	+⅝
17⅞	9½	WolvrW	.24	2.3	14	148	10½	10⅜	10⅜	
27½	18⅝	WoodPt	.72	3.6	14	23	20¼	20⅛	20⅛	-¼
38⅞	29⅝	Wolwth	1.80	4.9	9	329	37⅛	36⅝	36⅝	-⅛
5¼	2⅛	WrldAr				33	3	2⅞	2⅞	
61	45	Wrigly	1.90a	3.0	11	50	61	60½	60½	-⅛
8⅝	3⅛	Wurltzr				30	3¼	3⅛	3⅛	-⅛
25⅜	10½	WyleLb	.32	2.2	9	194	14⅝	14	14¼	-⅜
20½	16½	Wynns	.60	3.1	7	38	19½	19	19⅝	+⅝
		X–Y–Z								
51⅛	33¾	Xerox	3	7.9	11	2949	38⅛	37½	37⅝	-⅛
50½	45¼	Xerox	pf5.45	11		186	48¾	48½	48¾	-⅛
36¼	13	XTRA		2.8	9	148	22⅝	22⅛	22½	+⅜
31⅛	24	ZaleCp	1.32	5.1	8	422	26	25¾	25¾	-¼
24⅞	15¼	Zapata	.84	5.2	13	229	16½	16⅛	16¼	
49	28½	Zayre	.40b	.9	12	640	45	43⅞	44½	+1½
38⅞	19½	ZenithE			6	723	19⅞	d19⅛	19⅝	-⅜
27½	18	Zero	.40	1.7	17	15	23⅝	23¼	23¼	-⅛
30½	21⅛	Zurnin	1.32	5.1	11	112	25⅞	24⅞	25¾	-⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AUSTRIA

Jan. 3	Price Sch	+ or —
Creditanstalt	229	
Goesse	334	-4
Interunfall	400	
Laenderbank	228	—1
Perlmooser	365	
Steyr-Daimler	164	
Veitscher Mag	247	—2

BELGIUM/LUXEMBOURG

Jan. 3	Price Frs.	+ or —
B.B.L.	1,910	+20
Banq. Int. A. Lux	5,500	
Bekaert B	4,520	+10
Ciment CBR	2,500	+5
Cockerill	262	—7
Delhaize	5,590	—10
EBES	2,875	
Electrobel	8,220	—110
Fabrique Nat	2,100	+50
GB Inno BM	3,240	—10
GBL (Brux)	2,060	—30
Gevaert	3,595	
Hoboken	6,190	
Intercom	2,075	—50
Kredietbank	7,700	—40
Pan Hldgs	9,850	+150
Petrofina	6,940	+80
Royale Belge	10,175	+125
Soc. Gen. Banq	3,425	—20
Soc. Gen. Belge	1,615	—80
Sofina	7,510	—50
Solvay	4,100	
Stanwick Intl.	1,450	
Tractionel	4,000	
UCB	5,000	—30
Wagon Lits	2,400	—20

DENMARK

Jan. 3	Price Knr %	+ or —
Andelsbanken	266	—16
Baltic Skand	645	—20
CopHandelsbank	270	—17
D. Sukkerfab	470	—20
Danske Bank	272	—15
De Danske Luft	1,085	—90
East Asiatic	129	—17
Forenede Brygg.	770	—25
Forenede Damp.	85	—4
GNT Hldg	375	
I.S.S.B.	370	
Jyske Bank	484	—21
Novo Ind	1,315	—20
Privatbanken	233	—12
Provinsbanken	320	—30
Smidth (F)	222	—11
Sophus Berend	920	
Superfos	395	—17

FRANCE

Jan. 3	Price Frs.	+ or —
Emprunt 4½% 1973	1,625	—14
Emprunt 7% 1973	8,160	—230
Accor	235.2	—1.8
Air Liquide	553	—7
BIC	508	—10
Bongrain	1,675	—15
Bouygues	710	—5
BSN Gervais	2,380	—5
CIT-Alcatel	1,290	—5
Carrefour	1,793	—28
Club Mediter'n	1,050	—1
Cie Bancaire	570	
Cofimeg	240.5	—0.8
Damart	2,235	—10
Darty	1,078	—2
Dumez S.A.	675	+5
Eaux (Cie Gen)	531	+1
Elf-Aquitane	215.1	—1.6
Essilor	2,810	—35
Gen. Occidentale	638	+3
Imetal	74.05	—1.45
Lafarge Coppee	365	+4
L'Oreal	2,221	—27
Legrand	1,850	—1
Maisons Phenix	195	
Matra S.A.	1,745	+10
Michelin B	740	—5
Midi (Cie)	2,120	—35
Moet-Hennessy	1,886	+26
Moulinex	90.5	—0.1
Nord Est	75.1	—1.4
Pernod Ricard	715	+4
Perrier	486.5	—1.5
Petroles Fra	247	+0.9
Peugeot S.A.	240	
Printemp.Aus	183	—3
Radiotech	215	—2.1
Redoute	1,201	+1
Rousel-Uclaf	1,660	—10
Sefimeg	285	—1
SkisRossignol	1,910	
Telemech Elect	2,295	—20
Thomson CSF	410	
Valeo	240	+1

GERMANY

Jan. 3	Price Dm.	+ or —
AEG Telef	100.3	—1.7
Allianz Vers	978.5	—3.5
BASF	182	—3.9
Bayer	193.5	—1.5
Bayer-Hypo	337	—1
Bayer-Verein	330.5	—4.5
BHF-Bank	274.5	—1.5
BMW	371.5	—3.5
Brown Boveri	199.9	—0.1
Commerzbank	168.8	—1.5
Cont'l. Gummi	114.5	—0.6
Daimler-Benz	593.5	—6.5
Degussa	340	—6
D'sche Babcock	156	—2
Deutsche Bank	383.5	—1.5
Dresdner Bank	193	—2.8
GHH	162.5	—2.5
Hochtief	493	—2
Hoechst	192.5	—0.7
Hoesch Werke	98	—0.7
Holzmann (P)	364	+2
Horten	179.5	—2.5
Hussel	299	—3
Karstadt	236.5	—2
Kaufhof	218.5	—1.8
KHD	255.2	—1.3
Kloeckner	71.3	—0.5
Linde	396	—3
Lufthansa	184	
MAN	158.5	—1.5
Mannesmann	150.5	—2.3
Mercedes Hld	509	—1.5
Metallgesell	215.5	—2.5
Munech Rueck	1062	—8
Nixdorf	515	—6
Porsche	1025	—14
Preussag	252	—2
Rhein West Elect	166.2	—1.8
Rosenthal	249	
Schering	460.8	—0.8
Siemens	478.4	—2.1
Thyssen	81.9	—1.2
Varta	175	—2
Veba	173.3	—1
V.E.W.	122.5	—1
Verein-West.	302	
Volkswagen	207	—1.8

ITALY

Jan. 3	Price Lira	+ or —
Banca Com'le	16,650	+80
Bastogi-IRBS	192	12.5
Centrale	2,230	+61
Credito Varesino	3,960	+10
Fiat	2,092	—8
Finsider	46	—1
Generali Assicur.	34,990	+540
Invest	2,925	
Italcementi	67,600	+650
La Rinascente	525	—6
Montedison	1,376	+1
Olivetti	6,939	+87
Pirelli Co.	3,482	—8
Pirelli Spa	1,921	—4
Snia BPD	2,150	+1
Toro Assic.	13,010	+430
do. Pref	9,820	+345

NETHERLANDS

Jan. 3	Price Fls	+ or —
ACF Holding	189.5	+1
AEGON	153.5	—0.5
Ahold	194	—0.5
AKZO	101.5	—0.5
ABN	359	—3
AMEV	213	—1.3
AMRO	66.6	—0.9
Bredero Cert	149.5	+3
Bos Kalis Westm.	13.4	—0.6
Buehrmann-Tet.	75.5	—0.5
Calland Hldgs.	33.9	+0.4
Dordtsche Pet'm	159.7	—2.1
Elsevier-NDU	118.3	+0.3
Fokker	89.5	+3
Gist Brocades	174	—1.5
Heineken	148.8	
Hoogovens	67.9	
Int Mueller	43.8	
KLM	46.3xc	—0.3
Naarden	48.6	+0.6
Nat Ned Cert	260	—1.5
Ned Mid Bank	148	—0.5
Nedlloyd	151.5	—3
Oce Grinten	287	—0.8
Ommeren (Van)	28.9	—0.4
Pakhoed	73.8	+2.8
Philips	65.9	—0.8
Robeco	69.8	—0.6
Rodamco	136.8	—0.1
Rolinco	62.8	—0.6
Rorento	43.6	+0.1
Royal Dutch	174.3	—1.1
Unilever	314	—3.5
VMF Stork	142.6	—1.4
VNU	209	+2
West Utr Bank	122.2	+0.3

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

NORWAY

Jan. 3	Price Kroner	+ or —
Bergens Bank	161	
Borregaard	347.5	+12.5
Christiania Bank	159	
DenNorske Cred	165	—3
Elkem	122	+3.5
Kvaerner	170	+1
Norsk Data	377.5	
Norsk Hydro	99	—2
Storebrand	727	+9.5

SPAIN

Jan. 3	Price Pta %	+ or —
Bco Bilbao	306	
Bco Central	306	+1
Bco Exterior	200	
Bco Hispano	172	+4
Bco Popular	358	+2
Bco Santander	329	+2
Dragados	165.5	+5.5
Hidrola	80	+1
Iberduero	83	+1.5
Petroleos	152.2	+3
Telefonica	96	+1.5

SWEDEN

Jan. 3	Price Kronor	+ or —
AGA	385	—2
Alfa-Laval	191	—3
ASEA (Free)	325	
Astra (Free)	335	
Atlas Copco	97	—1
Cardo (Free)	262	+4
Cellulosa	120	
Electrolux B	245	
Ericsson	257	—1
Esselte	300	
Mo Och Domsjo	285	+8
Pharmacia	185	—2
Saab Scania Free	430	
Sandvik	415	—5
Skandia	265	+8
Skan Enski'da	64	
SKF	171	+2
St Kopparbergs	160	
Sven Handlesbn	189	+1
Swedish Match	255	
Volvo B (Free)	213	—2

SWITZERLAND

Jan. 3	Price Frs.	+ or —
Alusuisse	721	—2
Bank Leu	3,720	—20
Brown Boveri	1,385	+5
Ciba Gergy	2,495	+25
do. (Part Certs)	2,030	
Credit Suisse	2,330	+5
Elektrowatt	2,610	—5
Fischer (Geo.)	615	+10
Hoff-RochePtCts	85,750	+750
Hoff-Roche 1/10	8,575	—75
Jacobs Suchard	6,300	—75
Jelmoli	1,900	—10
Landis & Gyr	1,580	+10
Nestle	5,600	
Oer-Buehrle	1,290	+30
Pirelli	256	+2
Sandoz (Br)	7,050	+50
Sandoz (PtCts)	1,140	
Schindler (PtCts)	630	—5
Sika	1,000	—20
Surveillance	3,785	—15
Swissair	1,069	+4
Swiss Bank	357	+2
Swiss Reinsce	8,375	—25
Swiss Volksbk.	1,470	—5
Union Bank	3,580	
Winterthur	3,310	—10
Zurich Ins	18,050	+25

AUSTRALIA

Jan. 3	Price Aust $	+ or —
ANZ Group	5.16	
Alliance Oil Dev.	1.05	
Ampol Pet	1.78	
Ashton	0.82	—0.01
Aust Cons Ind.	1.9	—0.05
Aust. Guarantee.	2.62	
Aust. Nat. Inds	2.43	
Aust. Paper	2.22	+0.02
Bell Group	4.7	
Bell Res.	4.25	—0.05
Bond Corp Hldgs	1.16	
Boral	3.2	
Bougainville	1.6	—0.03
Brambles Inds	3.5	—0.05
Bridge Oil	2.35	+0.15
B.H. Prop	6.1	—0.06
CRA	4.92	—0.03
CSR	2.79	—0.01
Carlton Utd	4.30	
Castlemaine Tys.	4.3	
Coles (C.J.)	3.95	
Comalco "A"	2.08	
Consolidated Pet	0.57	—0.11
Costain Aust	1.4	
Dunlop Aust.	1.87	
Elders IXL	3.07xc	—0.01
Energ Res.	1.42	+0.04

AUSTRALIA (continued)

Jan. 3	Price Aust. $	+ or —
Gen Prop Trust	2.18	
Hardie (James)	3	
Hartogen Energy	2.25	—0.1
Herald W'yTimes	3.4	
ICI Aust.	1.95	—0.05
Jimberlana F.P.	0.3	
Kia Ora Gold	0.11	
Lend Lease	5.22	+0.02
MIM	2.35	—0.04
Mayne Nickless	2.9	
Myer Emporium	1.66	+0.01
Nat. Aust. Bank	3.48	—0.01
News	10.7	—0.5
Nicholas Kiwi	5.18	
North Bkn Hill	2	
Oakbridge	0.7	
Pancont'l	0.98	+0.01
Pioneer Conc.	1.65	+0.02
Poseidon	2.6	—0.1
Queensland Coal	1.09	—0.01
Reckitt & Coln.	3.08	
Repco	1.11	+0.02
Santos	5.54	—0.04
Smith (Howard)	3.35	
Thos. Natwide.	1.73	—0.01
Tooth	6.8	
Vamgas	3.22	—0.05
Western Mining	2.8	—0.05
Westpac Bank.	3.4xr	—0.04
Woodside Petrol.	0.96	
Woolworths	2.58	
Wormald Intl	3.15	—0.05

HONG KONG

Jan. 3	Price H.K.$	+ or —
Bank East Asia	24	+0.1
Cheung Kong	10.7	+0.1
China Light	12.5	—0.2
Evergo	1.53	+0.04
Hang Seng Bank	44	+0.5
HK Electric	6.65	—0.1
HK Kowloon Wh.	5.25	—0.05
HK Land	3.82	—0.05
HK Shanghai Bk.	8.3	+0.2
HK Telephone	54.5	+4.75
Hutchison Wpa	18.8	+0.2
Jardine Math.	8.7	—0.1
New World Dev.	5.35	—0.05
Orient O'seas	2.75	+0.03
Oseas Trust Bk.	2.75	
SHK Props	8	+0.1
Shell Elect.	1.96	—0.02
Swire Pac A.	21.6	+0.05
TV—B	5.1	
Wheel'k Mard A.	3.92	—0.03
Wheel'k M'time.	1.13	
World Int. Hldgs.	1.74	+0.04

JAPAN

Dec. 28	Price Yen	+ or —
Ajinomoto	1,120	+50
Alps Electric	1,910	—40
Amada	1,050	—40
Asahi Chem	738	+23
Asahi Glass	900	+28
Bridgestone	516	—17
Canon	1,340	+40
Casio Comp.	1,760	
Chugai Pharm.	1,140	+10
Citizen	570	—8
Daiei	651	
Dai Nippon Ptg	972	—3
Daiwa House	590	—16
Ebara	335	+4
Eisai	1,330	—20
Fanuc	11,300	+260
Fuji Bank	1,350	+40
Fuji Film	1,550	—70
Fujisawa	1,110	—50
Fujitsu	1,350	+40
Green Cross	1,610	—10
Hasegawa	378	+8
Heiwa Real Est	600	—3
Hitachi	860	—3
Hitachi Credit	1,160	—10
Honda	1,210	—10
House Food	687	
Hoya	2,160	+60
Itoh (C)	324	—9
Ito. Yokado	2,550	—20
Iwatsu	1,310	—10
JACCS	338	+3
JAL	6,540	+140
Jusco	750	+20
Kajima	280	
Kao Soap	805	+4
Kashiyama	623	
Kirin	555	+3
Kokuyo	925	
Komatsu	471	+6
Konishiroku	601	+1
Kubota	325	
Kumagai	548	—2
Kyoto Ceramic	6,980	+60
Maeda Const	488	
Makino Milling	1,150	
Myakita	1,030	+10
Marubeni	308	+2
Marudai	654	+4
Marui	1,060	
MEI	1,560	+10
M'ta Elec Works	630	—2
M'bishi Bank	1,320	+30
M'bishi	555	+1
M'bishi Elec.	410	+2
M'bishi Estate	588	—1

JAPAN (continued)

Dec. 28	Price Yen	+ or —
MHI	263	—2
Mitsui Co	342	—4
Mitsui Estate	735	—21
Mitsukoshi	369	—1
NGK Insulators	580	—25
Nihon Cement	211	—3
Nippon Denso	1,360	—40
Nippon Elect	1,220	—10
Nippon Express	358	
Nippon Gakki	1,330	—30
Nippon Kokan	143	
Nippon Oil	830	—18
Nippon Seiko	652	—1
Nippon Shimpan	605	—8
Nippon Steel	155	—1
Nipppon Suisan	328	—2
NTV	13,000	—200
Nippon Yusen	272	—19
Nissan Motor	625	—5
Nisshin Flour	490	—10
Nisshin Steel	184	—1
Nomura	892	+7
Olympus	1,100	—20
Orient Leasing	3,350	
Pioneer	2,670	—20
Renown	635	—12
Ricoh	931	—6
Sankyo	1,020	—30
Sanyo Elect.	460	—2
Sapporo	400	+19
Sekisui Prefab	576	—6
Seven-Eleven	905	—25
Sharp	1,100	+50
Shimadzu	824	—6
Shionogi	697	—4
Shiseido	1,110	
Sony	3,550	
Stanley	850	—9
S'tomo Bank	1,830	—40
S'tomo Elect.	935	—5
S'tomo Marine	663	+4
S'tomo Metal	156	—3
Taihei Dengyo	515	—10
Taisei Corp	207	—1
Taisho Pharm	980	—4
Takeda	805	—3
TDK	4,960	—140
Teijin	432	—15
Teikoku	655	—5
Tokyo Marine	724	—6
TBS	850	
Tokyo Elect Pwr	1,800	—60
Tokyo Gas	174	—2
Tokyo Sanyo	706	—13
Tokyo Style	770	+4
Tokyu Corp	327	—14
Toppan Print	872	+2
Toray	448	+7
Toshiba Elect	420	—1
TOTO	680	—5
Toyo Seikan	815	—5
Toyota Motor	1,220	—10
Victor	1,850	—30
Wacoal	720	—15
Yamaha	715	—2
Yamanouchi	2,730	—150
Yamazaki	650	—5
Yasuda Fire	371	—6
Yokogawa Bdge.	470	

SINGAPORE

Jan. 3	Price $	+ or —
Boustead Hldgs	1.66	—0.04
Cold Storage	2.58	—0.03
DBS	5.55xa	—0.15
Genting	4.84	
Haw Par. Bros	2.0	—0.05
Hong Leong Fin.	3.16	—0.04
Inchcape Bhd.	2.4	—0.05
Keppel Shipyard	1.49	—0.01
Malay Banking	6.45	—0.1
Malay Utd. Ind	2.35	—0.05
Multi Purpose	0.95	
OCBC	8.9	—0.05
OUB	3.8	
Public Bank	1.69	—0.01
Sime Darby	1.75	—0.01
Singapore Press	5.9	—0.25
Straits Trdg	4.52	—0.06
Tat Lee Bk	2.88	—0.02
UOB	4.26	—0.02

SOUTH AFRICA

Jan. 3	Price Rand	+ or —
Abercom	1.32	
AE&CI	7.7	
Anglo Am Coal	40.5	—0.5
Anglo Am Corp	22.8	—0.8
Anglo Am Gold	161.5	—2.5
Barclays Bank	16.5	
Barlow Rand	10.65	—0.1
Buffels	66.5	—2
CNA Gallo	2.3	—0.2
Currie Finance	4.35	
De Beers	8.07	—0.16
Driefontein	47.25	—0.75
FS Geduld	42.5	—1.5
Gold Fields SA	23.75	—2.25
Highveld Steel	3.6	
Nedbank	11.7	—0.1
OK Bazaars	16	
Protea Hldgs	1.5	
Rembrandt	30	+1
Rennies	14.25	
Rust Plat	15	—0.25
Sage Hldgs	7.3	
SA Brews	6.85	—0.05
Smith (C.G.)	21.5	
Tongaat Hulett	7.0	
Unisec	5.25	—0.25

CANADA

TORONTO

Closing prices January 3

Sales	Stock	High	Low	Close	Chng
200	Abti Prce	$32⅛	32⅛	32⅛	-⅛
1710	Agnico E	$11½	11¼	11⅜	-⅛
3750	Alt Energy	$20	19⅞	19⅞	
5800	Alta Nat	$14¼	14	14⅛	+⅛
200	Algo Cent	$19¼	19¼	19¼	-¼
600	Algoma St	$18⅝	18⅝	18⅝	+⅛
700	Andrs WA f	$22½	22⅛	22⅛	-⅛
300	Argcen	$17⅞	17⅞	17⅞	-⅛
6400	Atco I f	$7⅝	7½	7⅝	
3863	BP Canada	$25	25⅜	25⅜	+⅛
18192	Bank N S	$13⅛	13⅛	13⅛	-⅛
31300	Barrick o	153	147	150	
19443	Bonanza R	405	385	400	
1112	Bralorne	$5¼	5¼	5¼	-⅛
100	Bramalea	$17	17	17	+⅛
50721	BCFP	$10⅝	10⅛	10⅛	-⅛
10305	BC Res	264	257	262	+6
12525	BC Phone	$22	21⅞	21⅞	-⅛
1600	Budd Can	$13½	13½	13½	+⅛
4615	CAE	$15	14⅞	14⅞	
100	CCL A	$24½	24½	24½	+¼
500	CDistb B f	$6⅛	6	6	
300	Cad Frv	$15⅝	15¼	15¼	-⅛
9200	C Nor West	$25½	24⅞	25	-½
5000	C Packrs	$28	28	28	
4100	Can Trust	$32	31⅞	32	
16385	C Tung	$14	14	14	
45818	Cl Bk Com	$29⅛	29½	29¼	
3000	Can Nat Res	17½	17½	17½	-½
38335	CTire A f	$9½	9¼	9⅜	
330	C Util B	$17	17	17	
1900	Cara	$12⅛	11⅞	11⅞	-½
676	Celanese	$6⅜	6⅛	6⅜	
500	CDistb B f	$6⅛	6	6	
4420	CTL Bank	$10⅝	10	10⅝	
100	Conventrs	355	355	355	+5
600	Conwest A	$7½	7¼	7¼	-¼
3500	Coseka R	280	279	279	-2
100	Cannon A	$11¼	11¼	11¼	+¼
3800	Crownx	$15½	15¼	15¼	-⅛
4500	Czar Res	156	150	150	-5
27908	Daon Dev	248	230	239	+2
2500	Daon A	255	250	255	-20
400	Denison A	$15⅝	15⅝	15⅝	-⅛
6230	Denison B f	$14⅝	14½	14½	-⅛
2000	Develcon	$7⅞	7⅞	7⅞	-¼
13382	Dicknsn A f	475	465	470	-25
1342	Dicknsn B	475	465	475	-10
500	Doman A	220	220	220	-5
2825	Dofasco A	$24⅝	24⅜	24⅝	+⅛
988	Du Pont A	$17	17	17	-⅛
1464	Dylex A	$28⅞	28⅝	28⅞	+⅛
700	Elcthom X	450	445	450	+5
2400	Emco	$14¼	14¼	14¼	+½
4920	Equity Svr	$6¼	6½	6¼	-⅛
3750	FCA Intl	$18	17½	17½	-½
400	C Falcon C	$14½	14½	14½	+⅛
850	Ficnbrdge	$81	80¾	81	-¼
1490	Fardy Res	250	245	245	+4
300	Fed Ind A	$19⅛	19⅛	19⅛	-⅛
400	Fed Pion	$21¼	21	21	
3000	F City Fin	$12⅛	12	12	
100	Fraser	$16⅞	16⅞	16⅞	
300	Fruehauf	$19½	19½	19½	+⅛
17867	Gendis A	$24¼	24¼	24½	-½
62900	Geac Comp	$12⅛	12	12	-⅛
1600	Geocrude	215	210	210	-4
3850	Gibraltar	$7½	7⅜	7⅜	+⅛
11880	Goldcorp f	$5⅝	5⅜	5⅝	
1200	Grandma	43	43	43	+3
430	GL Forest	$83	83	83	
275	Gt Pacific	$25	24¾	25	+½
1500	Greyhnd	$24	23½	24	+½
100	H Group A	$6⅝	6⅝	6⅝	
500	Hrding A f	130	130	130	
625	Hawker	$17⅛	17	17⅛	
1600	Hayes D	$19¼	18⅞	18⅞	-⅛
9567	H Bay Co	$17½	17¼	17½	+⅛
14619	Imasco	$47¼	46⅞	46⅞	-½
12100	Indal	$11⅛	11	11	-⅛
40	Ingls	$11⅛	11⅛	11⅛	-⅛
120	Inland Gas	$14⅛	14⅛	14⅛	
21539	Inter Pipe	$34½	34⅛	34½	-⅛
650	Jannock	$11⅛	11	11	
1830	Kerr Add	$14⅝	14½	14⅝	+⅛
23175	Labatt	$22¼	21⅞	22¼	+⅛
12275	Lac Minrls	$25½	25⅛	25½	-⅛
2508	LOnt Cem	$9½	9⅛	9½	
22680	Lacana	$9¾	9⅝	9⅝	-⅛
669	LL Lac	$27	26¾	27	
750	Loblaw Co	$18⅛	18⅛	18⅛	-⅛
6725	MICC	275	270	275	
500	Mclan H X	$22¼	22⅛	22¼	
300	McGraw H	$21	21	21	
4770	Merland E	460	455	460	
9802	Molson A f	$16⅝	16⅛	16⅛	-⅛
1100	Molson B	$16¼	16¼	16¼	+⅛
2084	Murphy	$21½	21¼	21½	+¼
8800	Nabisco L	$24¼	24	24	-¼
12405	Noranda	$17½	17¼	17¼	-⅛
19631	Norcen	$15⅛	15½	15⅝	-⅛
11648	Nva AltA f	$7⅛	7	7	-⅛
2000	Nowsco W	$18⅛	18⅛	18⅛	-⅛
3202	NuWst sp A	39	39	39	-1
4200	Oakwood	$5	5	5	
6212	Oshawa A f	$23	22¾	22¾	
2233	PanCan P	$28½	28½	28½	-⅛
4830	Pembina	$17½	17½	17½	
6200	Phonix Oil	$8	7¾	7¾	-½
19	Pine Point	$23	22¼	22¼	
600	Place GO o	105	100	100	-10
13095	Placer	$22¼	21⅞	21⅞	-⅝
2085	Provigo	$16⅝	16¼	16¼	
11700	Que Sturg o	385	380	380	
600	Ram Pet	$5¼	5¼	5¼	
1000	Rayrock f	$8⅛	8	8	-⅛
2075	Redpath	$32¼	32¼	32⅛	-⅛
53855	Rd Stenhs A	$17⅝	17¼	17⅝	+½
3500	Reichhold	$8⅝	8⅝	8⅝	
6100	Res Serv f	160	150	160	+13
1100	Revn Prp A	102	101	102	+1
4660	Roman	$13¼	13⅛	13⅛	
280	Rothman	$41	41	41	+¼
1400	Sceptre	$5½	5⅛	5⅛	-⅛
400	Scotts f	$17½	17½	17½	
2307	Sears Can	$7⅝	7¼	7½	-⅛
27865	Shell Can	$22⅝	22⅛	22½	+¼
9916	Sherritt	$6½	6⅛	6⅛	
214	Sigma	$8½	8⅛	8½	+½
532	Southm	$53½	53½	53½	
24300	St Brodcst	$12⅛	12	12	-⅛
17132	Stelco A	$20⅞	20⅝	20⅝	
700	Sulpro	280	280	280	-10
800	Steep R	215	215	215	
200	Suncor pr	$24⅛	24⅛	24⅛	+⅛
3700	Talcorp	78	73	73	-6
210	Teck Cor A	$9⅝	9⅝	9⅝	-⅛
10030	Teck B f	$10¼	10⅛	10¼	
300	Teledyne	$10	10	10	
1992	Tex Can	$36¾	36½	36¾	+⅛
3440	Thom N A	$51	50	50	-1
57177	Tor Dm Bk	$18½	18¼	18¼	-⅛
600	Torstar B f	$17⅛	16⅞	16⅞	-⅛
7850	Traders A f	$21	20⅞	21	
115	Trns Mt	$7	7	7	-⅛
500	Trinity Res	450	450	450	
52170	TrnAlta UA	$24½	24	24⅛	-⅛
35365	TrCan PL	$21⅞	21⅜	21⅞	
5520	Trimac	425	420	420	-10
500	Trizec A f	$23½	23½	23½	+⅛
4821	Turbo f	30	27	27	-1
21630	U Entprise	$12½	12¼	12¼	-⅛
800	U Keno	$10⅛	9⅞	10	
5550	Verstl A f	$5⅝	5⅝	5⅝	-⅛
450	Vestgron	$10¼	10	10	
800	Weldwod	$14⅛	14⅛	14⅛	
11700	Westmin	$11⅞	11⅞	11⅞	+⅛
100	Weston	$74	74	74	-½
13285	Woodwd A	$11	10⅞	10⅞	-½
1300	Yk Bear	$11⅛	11	11	-⅛

Total sales 7,444,547 shares

MONTREAL

Closing prices January 3

Sales	Stock	High	Low	Close	Chng
70008	Bank Mont	$25½	25¼	25⅜	-⅛
950	ConBath	$16⅛	16⅛	16⅛	+⅛
4285	DomTxtA	$12½	12½	12½	-¼
400	MntTrst	$12¼	12¼	12¼	-⅛
22563	NatBk Cda	$14⅝	14⅛	14½	
17567	Power Corp	$28¼	28⅛	28⅛	
500	RollandA	$14⅝	14½	14⅝	+⅛
200	RollandB	$14⅝	14⅝	14⅝	+¼
60196	Royal Bank	$30¼	29¾	29⅞	-¼
345	RoyTrstco	$17½	17½	17½	-½

Total sales 1,750,281 shares

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

B—B

C—C

D—D

E—E

F—F

Continued on Page 21

LONDON

Chief price changes
(in pence unless otherwise indicated)

RISES

Devenish (JA)	460	+40
Geevor Tin	229	+20
Hoskins & H.	301	+18
Mercury Secs	438	+10
Wardle Storeys	184	+6

FALLS

Tr 7¾ 85/88	£91¾	—£⅞
Tr 2 I.L. 06	£101⅞	—£⅜
Applied Comp	255	—15
Assoc News	487	—11
BOC	248	—9
Beecham	373	—15
Britoil	188	—5
Burton	408	—7
Cons Gold	477	—8
De Beers Defd	348	—14
Grand Met	298	—9
Guinness (A)	228	—7
ICI	724	—10
MFI Furn	255	—8
Midland Bank	335	—10
Randfontein	£79¾	—£3¾
Redland	287	—10
Reliant Motor	45	—8
Rustenburg Plat.	640	—20
STC	276	—12
Tarmac	498	—12
Thorn EMI	463	—9
Tootal	60	—4
Ultramar	197	—11
Vaal Reefs	£67⅞	—£3¾

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 19

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

T—T—T

U—U—U

V—V—V

W—W—W

X—Y—Z

WORLD STOCK MARKETS

OVER-THE-COUNTER

Continued from Page 20

[illegible]

Indices

NEW YORK-DOW JONES

	Jan 3	Jan 2	Dec 31	Dec 28	Dec 27	Dec 26	1984-85 High	1984-85 Low	Since Compilation High	Since Compilation Low
Industrials	1,189.82	1,198.87	1,211.57	1,204.17	1,202.52	1,208.92	1286.64 (6/1)	1088.57 (24/7)	1287.70 (19/11/83)	41.22 (2/7/32)
Transport	555.58	553.70	558.13	556.91	553.70	554.25	612.63 (9/1)	444.03 (25/7)	612.63 (9/1/84)	12.32 (8/7/32)
Utilities	147.28	147.77	149.52	146.90	146.85	146.75	149.93 (18/12)	122.25 (15/6)	163.72 (20/4/69)	10.5 (28/4/42)
Trading vol		67m	80m	77m	70m	48.48m	–	–	–	–

	Dec 21	Dec 14	Dec 7	Year Ago (Approx)
Ind Div Yield %	4.88	4.99	5.84	4.51

STANDARD AND POORS

	Jan 3	Jan 2	Dec 31	Dec 28	Dec 27	Dec 26	1984-85 High	1984-85 Low	Since Compilation High	Since Compilation Low
Industrials	183.14	184.18	186.36	185.49	184.89	185.84	191.48 (6/11)	167.74 (24/7)	194.84 (10/10/83)	3.62 (30/6/32)
Composite	164.57	165.37	167.24	166.26	165.75	166.47	170.41 (6/11)	147.82 (24/7)	172.15 (10/10/83)	4.40 (1/6/32)

	Nov 28	Nov 14	Nov 7	Year Ago (Approx)
Ind div yield %	4.12	4.07	3.95	3.72
Ind. P/E Ratio	10.60	10.69	10.89	14.43
Long Gov Bond Yield	11.37	11.71	11.57	11.49

N.Y.S.E ALL COMMON

Jan 3	Jan 2	Dec 31	Dec 28	1984-85 High	1984-85 Low
95.05	95.43	96.38	95.89	98.12 (6/11)	85.13 (24/7)

RISES AND FALLS

	Jan 2	Dec 31	Dec 28
Issues traded	1,959	2,016	2,008
Rises	624	982	827
Falls	934	589	645
Unchanged	401	445	536

New York Active Stocks

	Stocks Traded	3.00p.m. Price	Change on Day
Atl Rich	1,278,600	43½	− ½
IBM	1,181,100	121¾	+ ¾
Polaroid	966,500	27¼	− ½
Bristol My	942,700	50¼	−1
Mobil	849,700	26⅝	− ⅜
Dayton Hud	817,400	38	− ½
ATT	789,700	19½	+ ⅛
Phil Pets	782,300	43¾	− ¼
Prime Comp	745,200	16¾	− ¼
Ga-Pacific	737,700	25	+ ⅝

Advances 816 Declines 659

TORONTO

	Jan 3	Jan 2	Dec 31	Dec 28	1984-85 High	1984-85 Low
Metals & Minls	1,899.54	1,932.2	1,932.0	1,920.8	2524.4 (12/1)	1641.2 (25/7)
Composite	2,377.04	2,394.8	2,400.3	2,366.0	2585.7 (6/1)	2079.7 (24/7)
MONTREAL Portfolio	118.31	119.71	119.84	119.32	126.83 (10/1)	108.36 (24/7)

* Indicates pre-close figure

	Jan. 3	Jan. 2	Dec. 31	Dec. 28	1984-85 High	1984-85 Low
AUSTRALIA						
All ord. (1/1/80)	726.5	729.0	(c)	726.1	787.3 (8/1/84)	646.5 (18/6)
Metals & Minls. (1/1/80)	408.5	411.7	(c)	408.4	567.4 (5/1/84)	394.5 (18/12)
AUSTRIA						
Credit Aktien (2/1/62)	59.04	59.22	(c)	59.37	59.37 (28/12)	53.20 (15/8)
BELGIUM						
Brussels SE (1/1/80)	2188.78	2174.44	(c)	—	—	—
DENMARK						
Copenhagen SE (3/1/83)	(u)	165.85	(c)	167.56	225.21 (20/1/84)	161.76 (17/10)
FRANCE						
CAC General (31/12/82)	180.9	181.6	(c)	181.40	183.0 (26/10)	155.6 (5/1/85)
Ind Tendance (28/12/84)	100.1	100.2	(c)	100.0	100.2 (2/1/85)	100.0 (28/12/84)
GERMANY						
FAZ Aktien (31/12/58)	382.39	385.17	(c)	381.18	385.17 (2/1/85)	317.17 (25/7)
Commerzbank (1/12/53)	1111.6	1118.4	(c)	1107.9	1118.4 (2/1/85)	917.7 (25/7)
HONG KONG						
Hang Seng Bank (31/7/64)	1235.98	1220.74	1200.38	1185.67	1235.98 (5/1/85)	746.02 (13/7)
ITALY						
Banca Comm Ital. (1972)	229.16	228.56	230.51	228.17	230.51 (31/12)	192.06 (2/1/84)
JAPAN**						
Nikkei-Dow (16/5/49)	(c)	(c)	(c)	11542.60	11577.4 (4/12)	9703.35 (25/7)
Tokyo SE New (4/1/68)	(c)	(c)	(c)	913.37	913.37 (28/12)	730.4 (4/1/84)
NETHERLANDS						
ANP-CBS General (1970)	185.6	186.6	(c)	181.9	186.6 (2/1/85)	146.8 (25/7)
ANP-CBS Indust (1970)	147.9	148.4	(c)	145.3	148.4 (2/1/85)	118.7 (18/6)
NORWAY						
Oslo SE (4/1/83)	289.48	288.18	(c)	286.77	296.70 (9/5)	221.67 (4/1/84)
SINGAPORE						
Straits Times (1966)	793.18	800.47	(c)	812.61	1071.91 (8/2)	785.26 (21/11)
SOUTH AFRICA						
Gold (1958)	(u)	941.5	(c)	950.7	1099.0 (19/11)	738.1 (24/1/84)
Industrial (1958)	(u)	933.6	(c)	934.7	1106.3 (26/3)	853.5 (19/9)
SPAIN						
Madrid SE (28/12/84)	102.64	101.48	(c)	100.00	102.64 (3/1/85)	100.00 (28/12/84)
SWEDEN						
Jacobson & P (1/1/58)	1561.84	1561.60	(c)	1554.48	1594.5 (3/2)	1302.99 (22/11)
SWITZERLAND						
Swiss BankCpn. (31/12/58)	386.7	(c)	(c)	385.6	389.5 (5/1/84)	354.5 (25/7)
WORLD						
Capital Intl. (1/1/70)	—	187.1	187.1	187.1	190.6 (3/5)	185.2 (14/12)

** Saturday December 29: Japan Nikkei-Dow (c). TSE (c).

Base values of all indices are 100 except Australia All Ordinary and Metals—500, NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. (u) Unavailable.

UK COMPANY NEWS

RKT recovers ground in second half to top £2m

A SECOND-HALF performance which added £218,000 more at £1.44m enabled Robert Kitchen Taylor to make up a midway shortfall, and turn in a pre-tax profit of £2.07m against £1.96m in the year to September 30 1984.

Turnover of the group, which is involved in manufacturing and merchanting of textiles and property investment and trading, slipped from £23.62m to £21.11m. During the year the manufacturing side was mostly working to full order books, with sales to the U.S. still expanding. Textile merchanting, while still profitable, experienced flat trading conditions.

After a quiet first half some small properties were sold, as well as a larger one. The directors state that a number of property propositions are usually being examined, but unless they are capable of being profitably disposed of within a "reasonable period," they are not pursued.

The directors have declared a second interim dividend of 8p net per share, payable March 29, after an initial payment of 3p. Because the September-October period is the busiest of the year, the accounting period will be extended to March 31, and will be prepared to that date in future. The directors intend a final dividend of not less than 5.5p, for a total for the 18 months equivalent to the previous annual rate.

Earnings per share are stated at 34.48p against 24.59p for the 12 months.

Both tax and minority interests took less at £699,000 (£895,000) and £24,000 (£107,000) respectively, to leave profits at £1.34m (£957,000) at the attributable level, before an extraordinary £350.00 debit last time.

After an unchanged distribution of £428,000, the group retained £914,000 (£179,000).

The intention is to expand into fields kindred to existing activities, and the current year will see a continuation of this.

• comment

Robert Kitchen Taylor had a tough year in its main business of merchanting high-fashion textiles to the garment trade, reflecting weak High Street demand in the first half. But the manufacturing companies compensated fully for the shortfall in merchanting profits, in part because of the strength of exports to the U.S. Profits from property were also slightly ahead, giving the group as a whole a more rounded look than in the past — with profits divided roughly equally between the three trading divisions. This can only reassure shareholders that the company will be better able to cope with the swings of the textile cycle than in the past, notably in 1980 and 1981 when profits fell sharply. More broadly based profits also give extra security to the dividend, which is already covered more than three times. Clearly the 10 per cent yield, on shares down 2p is the company's chief attraction in the eyes of investors.

Royal Life lifted by single premiums

ANOTHER GOOD year for life and pensions business is reported by Royal Life, the life company arm of the Royal Insurance Group. New annual premiums on worldwide business fell in 1984 from £57.7m to £50.6m, but this was offset by single premiums rising from £84.4m to £93.9m.

The success story in the UK was a 42 per cent jump in single premium linked business to £35m. Sales of annuities and school fee business held up well at £42m, leaving total UK single premiums 11 per cent ahead from £83.2m to £92m.

New annual premiums in the UK fell from £54.2m to £46m mainly because 1983 figures were boosted by exceptional mortgage-related business following the introduction of MIRAS. Mortgage-related business was ahead of 1983's busines concerned with new mortgages, but could not match business in 1983 arising from conversions.

Sales of self-employed and executive pension contracts were buoyant last year, with new annual premiums rising 50 per cent from £5m to £7.5m.

Royal Life has allocated £1.20m to with-profit policyholders in its 1984 bonus payments, which is over one-fifth more than allocated in 1983.

The company is keeping annual reversionary bonus rates around the 1983 level and is making substantial increases in terminal bonus rates for claims in 1985.

For life policies, the reversionary bonus rate remains at £4.70 per cent of the sum assured and £8.20 per cent of attaching bonuses. The terminal bonus rate on the sum assured is increased from £12.50 per cent to £20 per cent, while the rate applicable to attaching bonuses is lifted from £7.50 per cent to £10 per cent.

On individual pension contracts, the reversionary bonus rates are adjusted. The super bonus on attaching bonuses is increased 20p to £4.50 per cent, but the basic compound bonus rate is cut by 20p to £4.80 per cent. The terminal bonus rate is increased from £15.50 to £25 per cent of the basic benefit and from £15 per cent to £30 per cent on attaching bonuses.

Maxwell sells all interests in Waddington

Mr Robert Maxwell's business interests have disposed of all the shares they once held in John Waddington, the games and packaging group, Mr Maxwell has disclosed in a letter to Mr Victor Watson, Waddington's chairman.

Mr Maxwell's second takeover bid for Waddington — worth £44.2m — lapsed on December 13 but Pergamon, his private publishing group, British Printing and Communications Corporation and their associates still held a 23.3 per cent stake in Waddington. A week later Mr Maxwell announced he had sold his remaining holding but Waddington said it was still not sure if all the shares had been disposed of.

In his letter dated January 2 Mr Maxwell wrote: "I thought you would like to know that all shares in Waddington held by or for Pergamon, BPCC and their associates including myself have now been sold.

"All but 150,000 of the shares were sold through the market to independent third parties before Christmas. Grieveson Grant were, however, unable to find purchasers then for 150,000 shares and I took those on an interim basis for my personal account.

"They too have now been sold. I confirm that Pergamon, BPCC and their asociates including myself no longer own or hold any shares in Waddington."

BOARD MEETINGS

TODAY

Interim: New Court Natural Resources.

FUTURE DATES

Interims—	
MFI Furniture	Jan 17
Radiant Metal Finishing	Jan 10
TR City of London Trust	Feb 6
Unitech	Feb 5
Finals—	
Allied Textile	Jan 24
Circaprint	†Jan 11
Imperial Chemical Industries	Feb 28
Southern Business Leasing	Jan 16

† Amended.

Grand Met raises £107m to pay for Quality Care

BY MARTIN DICKSON

Grand Metropolitan, the hotel and leisure group, yesterday raised £107m through a placing of new shares on the London stock market to finance its acquisition of Quality Care, a leading operator of home nursing services in the U.S.

The company, acting through merchant bankers S. G. Warburg and brokers Panmure Gordon and Cazenove, placed 37m new ordinary shares at a price of 290p a share, a 4 per cent discount on the opening price of 303p. The move had a depressing effect on the shares, which closed at 298p, down 9p on the day.

Grand Met announced last August that it was acquiring Quality Care but it left open the method of funding the acquisition.

Yesterday's move comes in the middle of a strong debate within the City over vendor placings, which have been criticised for diluting the share stakes of small investors who have no chance to apply for the new shares.

Although Grand Met's placing is one of the largest recent vendor placings in terms of value, it is relatively small in relation to the company's size: the new shares will represent 4.8 per cent of its enlarged issued equity.

Mr Michael Orr, the company's finance director, said that a vendor placing had been chosen rather than a rights issue because "this kind of operation made sense both for the company and its shareholders. It is a smallish addition to the equity at a fine discount to the share price."

He added that a placing allowed the company to act quickly at a time when the market was near an all-time high, whereas a rights issue would be drawn out and more expensive in terms of commission and underwriting costs.

Grand Met is paying about $124m (£110) for Quality Care. This is a little less in dollar terms than agreed in August—because Quality Care's pre-tax profits in the year to November fell short of the expected $7m—and rather more in sterling terms because of currency movements.

Quality Care is one of the largest U.S. companies in the rapidly expanding home health care market. Its acquisition fits into Grand Met's strategy of expanding in "branded" consumer services in America.

See Lex

End of an era for Fraser as Al-Fayeds replace Lonrho men

BY MARTIN DICKSON

Mr Roland "Tiny" Rowland, chief executive of Lonrho, and Lord Duncan-Sandys, the company's chairman, have resigned from the board of House of Fraser and have been replaced by two members of the Egyptian Al-Fayed family.

The changes, which stem from a "gentleman's agreement" reached in November, mark the end of an era for House of Fraser, which has faced a seven-year battle against Lonrho for control of the company.

Two months ago Lonrho sold its 29.9 per cent stake in Fraser for £138.5m to the Al-Fayed family in a deal which suggested Lonrho had ended its campaign. But it has since built and still holds up a 6.34 per cent stake, raising fresh speculation about its intentions.

Mr Rowland initially said he would only leave the Fraser board if he felt he would have no further function to perform. But the two sides agreed in late November that he and Lord Duncan-Sandys would resign from the board with effect from December 31.

Their places have been taken by two of the Al-Fayed brothers, Mohamed and Ali.

The Office of Fair Trading, which advises the Government on the public interest aspects of large share acquisitions, said yesterday that it was still studying the Al-Fayed family's purchase of House of Fraser shares.

Lonrho last night declined to comment on either the board changes at House of Fraser or the future of its stake in the company.

U.S. sale partly offsets Redland's Dutch expansion

Redland, the building materials group, is carying out a major expansion of its activities in the Netherlands but has sold off a loss-making replacement windows subsidiary in the U.S.

RBB Europa, a Dutch joint-venture owned equally by Redland and Verenigde Bedrijven Bredero, a large Dutch construction group, has paid about £20m in cash for three building material businesses previously owned by DSM, he state-owned chemicals concern.

This deal with increase RBB's turnover from around £40m to £100m and takes Redland into two new areas of business—ceramic wall and floor tiles and kitchen and sanitary ware.

RBB has bought Koninklijke Mosa, tile-maker and the largest of the three companies; Teewen, which makes clay bricks and concrete roof tiles; and Decostone, a small company which uses a resin composite process developed by DSM to make kitchen and sanitaryware for European distribution.

All these companies were profitable but they formed part of a division of DSM which has been performing unsatisfactorily. They have been bought on a p/e of 8 based on expected 1984 profits.

In the U.S., Redland has sold Season-all Industries, a manufacturer of replacement windows, to a group of private individuals for $15.5m (£13.5m), though it has provided the purchasers with $6.5m worth redeemable capital notes.

Redland bought Season-all in 1979 but it has made losses and is not large enough to expand satisfactorily. Rdeland's shares fell 10p yesterday to 287p.

Tootal share block sold

Entrad, Australia's leading textile company, has sold 400,000 shares in Tootal, one of Britain's big four textile concerns.

The sale reduces Entrad's holding to 12.4m shares, representing 6.99 per cent of Manchester-based Tootal's equity.

Yesterday the convoluted relationship between the two companies was taken a stage further with the announcement that Tricontinental Corporation, a privately-owned Melbourne merchant bank, had funded Entrad's original purchase of 12.8m shares in Tootal.

No reason was given for either move and Mr Alan Wagstaff, Tootal's chairman, was unwilling to be drawn on the announcement.

However, there was speculation that Entrad may have sold shares to force down the Tootal price preparatory to making a bid for more shares at a lower level.

Tootal closed last night at 60p, a fall of 4p on the day.

Mr Ron Deans, a director of Entrad, has been quoted in Australian papers as saying that the company wanted to build up a 20 per cent holding in Tootal and that if it did it would seek a seat on the board.

Terms for Hoskins raised

THE BATTLE for control of Hoskins and Horton, the hospital equipment and light engineering group, took a new twist yesterday when Scottish Heritable Trust raised its bid for the second time — to £8.3m.

The new Scottish offer topped the £7.47 bid made by its rival London and Midland Industrials (LMI) at the end of November but the LMI offer has the advantage of having been recommended by the Hoskins board.

Scottish is now offering 10 of its own shares and 315p in cash for every three Hoskins ordinary shares and an unchanged 100p for each of the 20,000 preference shares.

This offer values Hoskins ordinary shares at 305p each. Its shares rose 18p to 301p yesterday — 4p below the latest bid price. The Scottish shares were unchanged at 60p while IMI's shares fell 2p to 175p.

Scottish increased the value of its cash alternative to 288½p per Hoskins share from 255p. It already holds a 28.81 per cent stake in Hoskins.

It made its first offer — worth £5.9m — in October and raised it to £7.26m on November 14. LMI announced its agreed bid on November 26.

GRE in Luxembourg deal

Guardian Royal Exchange Assurance is expanding its insurance operations in the Benelux countries by buying a one-third stake in Luxembourg's leading insurance company, Le Foyer Compagnie Luxembourgeoise D'Assurances Societe Anonyme.

Le Foyer has about one-third of the non-life insurance market in Luxembourg, specialising mainly in technical and industrial risks. It also has a life insurance operation. In addition it is one of the top 30 insurance companies in Belgium, where it concentrates on personal and small business insurance.

The company currently has a total non-life premium income of LuxFr 3.03bn (£40.4m) and life premium income of Fr 458m (£6.1m) — with the Belgian operations accounting for around 45 per cent of the total premium income.

GRE will have two seats on the board and will be involved in the direction of the company. The day-to-day running of Le Foyer will remain with the present executive based in Luxembourg.

BP plan for Seltrust expected to be opposed

By Kenneth Marston, Mining Editor

OPPOSITION to British Petroleum's proposals for the restructuring of its 75 per cent-owned struggling Australian subsidiary, Seltrust Holdings, is expected from the minority shareholders in the latter company at the meeting in Perth on January 22.

BP is offering the minority Seltrust shareholders (the public) a choice of 84 cents (about 38p) per share cash or three shares plus three options in a new company, Paragon Resources. The latter will hold all Seltrust's gold interests, notably the Temora prospect in New South Wales, plus some A$8m (£5.7m) in cash.

This would leave BP with the loss-making Seltrust's debts of $114.4m and its 60 per cent holdings in the Agnew nickel mine and the short-life Teutonic Bore copper-zinc-silver mine, a 5 per cent stake in the big Mount Newman iron ore venture and the drillship Regional Endeavour.

According to independent mining consultants, Robertson Research, Temora's recoverable ore reserves, which are near surface and easily amenable to open-pit extraction, amount to an estimated 6.1m tonnes grading 2.4 grammes gold per tonne on the basis of a cut-off grade of 1.4 grammes per tonne.

The find would require about 18 months to be brought to full production at an annual rate of 700,000 tonnes a year at a total cost of $18m. Allowing for this cost the net value of Paragon's interest in Temora is put at $7.8m, taking a gold price of US$350 per ounce.

With an estimated break-even gold price of some US$300 based on total capital cost, Temora would be very sensitive to gold price fluctuations; each US$5 move in the bullion price would mean a US$750,000 change in the net present value of Paragon's interest.

It is stated that the value of assets to be acquired by Paragon equals 60 cents per Seltrust share compared with the Robertson Research valuation of 13 cents under the existing set-up, the difference being accounted for by the much higher value placed on Agnew for purposes of the proposed scheme of arrangement.

Opposition views are that despite its net losses Seltrust still has a cash flow and that shareholders might be better served by a capital reconstruction and share issue. They also object to the BP warning that if the proposals are not approved Seltrust would have to repay BP loans of some $31m in default of which the company would face liquidation, with a consequent likely smaller return to shareholders.

W. Canning

W. Canning, the chemicals, metals and electronics group, has contracted to acquire for £410,000 cash, 80 per cent of the capital of Euromega S.A., a Paris-based electronic component distributor.

Net assets attributable to the 80 per cent acquired are estimated at £160,000. In 1983 Euromega made sales of £3m and a pre-tax profit of some £120,000.

BIDS AND DEALS IN BRIEF

Longman, the publishing house, is buying Vernon Publishing, a Connecticut-based company specialising in information for the American life insurance industry, for $5.25m (£4.6m). Longman—like the Financial Times, part of the Pearson group—said the move was designed to consolidate its position as a publisher for the U.S. financial services market.

Of the $5.25m, $4m has already been paid, with the remainder due in three equal annual instalments commencing on December 31 this year.

Longman acquired another U.S. life insurance publisher—Farnsworth Publishing—in March last year. It also publishes for the American financial services sector under the imprints of Real Estate Education and Longman Financial Services Publishing.

* * *

Mr Simon Watson, managing director of Yelverton Investments, has been appointed chairman of Southend Stadium, the greyhound racing and property concern. He replaces Mr Peter Cammidge, who has resigned.

Mr Watson joined the boards of Yelverton and Southend in October, when the Panama-based Gulf Trust took management control of Yelverton after buying a 20 per cent stake. Yelverton has 26 per cent of Southend.

When Gulf Trust quickly sold its stake, Mr Watson stayed on and resigned from Gulf Trust. He then bought the 20 per cent stake in Yelverton and assumed management control.

* * *

The mergers between: Greycoat Offices, Churchbury Estates and Law Land; and between Ladbroke Group and Comfort Hotels International are not to be referred to the Monopolies Commission.

* * *

Isle of Man Steam Packet, operator of passenger and cargo shipping services to the island, is holding discussions which could result in proposals to shareholders.

The company, owned 13.6 per cent by the Isle of Man Government and 10 per cent by shipping company James Fisher, disclosed the talks following a rise in its share price, which closed unchanged at 150p yesterday.

It said, however, that trading conditions had been adverse in 1984 and that preliminary results will be published later this month. Detailed consideration is being given to its future trading operations, it added.

In the first half of 1984, the company had pre-tax losses of £824,000 against the year-ago loss of £743,000, on turnover of £5.3m against £5.15m. In 1983, pre-tax profits were £394,857 against 1982's £183,922 loss.

* * *

Yattendon Holdings, which is owned by the Iliffe family trusts, yesterday declared unconditional its offer to acquire 100 per cent of BPM Holdings, owners of the Birmingham Post and Mail.

Acceptances had been received covering 97 per cent of ordinary shares, 93.2 per cent of A ordinaries, 92.7 per cent of non-voting B ordinaries and 96.8 per cent of preference shares.

* * *

Morgan Grampian—the magazine group owned by Fleet Holdings—has acquired two London-based free sheet groups for an undisclosed sum.

Morgan Grampian is understood to have bought the Local Advertiser series of free sheet titles, which are distributed in north London, just before Christmas. Since then it has also taken over Wexcare, which publishes the Enfield, Haringay and Islington Advertisers.

LONDON STOCK EXCHANGE

MARKET REPORT

Interest rate scare triggers sizeable selling but prices rally from lowest

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Dec 10	Dec 20	Dec 21	Jan 7
Dec 24	Jan 10	Jan 11	Jan 21
Jan 14	Jan 24	Jan 25	Feb 4

* "New-time" dealings may take place from 9.30 am two business days earlier.

Interest rate uncertainty shrouded London stock markets for much of the session yesterday. Speculation that base lending rates will have to rise because of the clearing banks' exposure to recently enhanced UK money market rates, brought about primarily by sterling's persistent deterioration, caused the major scare. But doubts also revived over the short-term outlook for U.S. interest rates.

The American market's slide overnight gave London dealers notice to expect impending weakness. Prior to the start of official trade, equity and Gilt-edged jobbers lowered prices sharply, but the manoeuvre failed to deter sellers. Many leading shares were sold quite heavily as investors opted to realise the often sizeable profits obtained via last month's price upsurge. Sales of Government securities, however, were a reflection of holders' nervousness over prospects for the sector.

For the first hour of business, the atmosphere was heavy but the tone began to clear later in the morning following the Bank of England's determination to calm money market fears of higher base rates. It purchased over £500m of bills outright at unchanged rates. Some earlier sellers of equities and Gilt-edged then turned buyers but found supplies limited, jobbers having gratefully absorbed the earlier offerings in order to close short book positions.

Sterling's afternoon rally against both the dollar and leading European currencies underpinned market sentiment and the Gilt-edged sector, which had looked distinctly worse for wear at one stage, recovered well. Most maturities more than halved their early falls to close around ¼ down on the day with the exception of index-linked issues. These retained losses of ¼ and slightly more in some cases.

Leading industrial shares also picked up but the accent was mainly on Gilt-edged although a vendor placing of 37m shares of Grand Metropolitan was made at a price of 290p per share; GM closed 8 lower at 298p. Illustrating events in the equity market, the FT Ordinary share index opened 16.5 down but it gradually recovered to close a net 11.7 lower at 928.7. Resumed dullness early yesterday on Wall Street failed to thwart the recovery movement.

Midland Bank down

Midland Bank, still suffering from the decision to inject a further £216m into its troubled Crocker National subsidiary, came under further selling pressure and reacted to 328p before staging a partial rally on yield considerations to close a net 10 down at 335p. Once again, the other major clearing banks escaped virtually unscathed. Elsewhere in the sector, Mercury Securities attracted further support and rose 10 for a two-day gain of 23 to 438p. Talk of a broker's circular helped Royal Bank of Scotland improve 4 to 260p, while suggestions that the group may buy back its own shares lifted Charterhouse J. Rothschild to 106p before the close of a penny dearer on balance at 103p.

Optical components manufacturers Optometrics (U.S.A.) staged a subdued market debut. The shares, placed at 56p and expected to command a small premium, opened at 55½p and slipped to 53½p prior to closing at 54½p. Among other recently-issued equities, Candover Investments encountered profit-taking and fell 13 to 209p, but Wardle Storeys, the subject of a New Year investment recommendation, attracted fresh demand and rose 6 to 184p, after 185p.

The November beer production figures, which showed a 3.9 per cent decline on the same month in 1983, brought a fairly neutral response from investors and leading Breweries were content to drift gently lower. Arthur Guinness, however, met fresh profit-taking and shed 7 for a two-day fall of 16 to 228p. Whitbread, 211p, and Allied-Lyons, 153p, eased 4 and 5 respectively. Regionals, on the other hand, attracted further speculative attention. Matthew Brown were again surrounded by takeover talk and after dipping to 280p, rallied in a lively trade to close only 6 lower on balance at 292p. West country concern J. A. Devenish spurted 40 to 460p following a "buy" recommendation from brokers Sheppards and Chase; sentiment was also buoyed by the confident tenor of the chairman's annual statement and details of the group's reorganisation proposals.

Leading Buildings came under early selling pressure. Offerings subsequently subsided, but quotations still closed at the day's lowest. Tarmac, a particularly dull counter since the 14.3m vendor share placing to finance the acquisition of the quarrying and concrete assets of Lone Star Industries of the U.S., gave up 12 more to 498p. Redland fell 10 to 287p following news of acquisitions in Holland and a disposal in the U.S.

Partly reflecting Wall Street's near 13 point fall overnight, ICI opened lower at 726p and moved narrowly prior to closing a net 10 down at 724p. Among other Chemicals, Arrow attracted renewed speculative support and firmed 3 to 59p.

Stores above worst

Fears of higher interest rates, usually guaranteed to upset leading Retailers, triggered profit-taking but the ensuing price falls were reduced by the emergence of steady, if small, demand. Burton, down to 400p at one stage, rallied to close 7 lower on balance at 408p, while Debenhams eased 2 to 207p, after 204p. House of Fraser were resilient and were eventually unchanged at 310p; Messrs Mohamed and Ali Al-Fayed have, as expected, replaced Lord Duncan-Sandys and Mr Tiny Rowland as directors. Lonrho closed 5 cheaper at 163p.

Dixons encountered early selling and dipped to 544p, but recovered to settle only 6 lower on balance at 556p; the interim results are due on January 17. MFI, also expected to reveal mid-term figures that day, gave up 8 at 255p. Superdrug fell 8 to 395p, but Selincourt responded to revived speculative demand and closed a fraction firmer at 15½p.

Electricals followed the lower trend although BICC, at 233p, picked up the previous day's late fall of 5 which followed news of the plan to close a U.S. subsidiary. STC were noteworthy for a loss of 12 at 276p, while high technology stocks to give ground included Eurotherm, 13 lower at 305p, and Kode, 10 down at 190p.

Engineerings put up a drab performance, although the widespread losses were only of a few pence. Resisting the trend, British Steam Specialties responded to a newsletter recommendation with a rise of 5 to 130p. Thomas Locker improved 3 to 24½p and the "A" shares 3½ to 24p for a similar reason. Revived speculative demand lifted C. H. Bailey 2 to 24½p, but Brown and Tawse slipped 3 to 123p on news that Caparo had sold its 16.1 per cent stake in the company.

Foods suffered a fairly severe initial mark-down, but occasional support at the lower levels left most leading quotations a shade above the worst. Rowntree Mackintosh settled 5 lower at 368p, after 365p, while Tate and Lyle finished 3 off at 432p, after 430p. Retailers, buoyant recently on seasonal spending considerations, also turned easier. Tesco lost 5 to 233p and J. Sainsbury shed 4 to 292p. Argyll gave up 8 to 265p, as did Dee Corporation, to 198p.

Trusthouse Forte slipped to 141p initially, but rallied strongly on speculation about the possible sale of its stake in Savoy and the close was a couple of pence better on balance at 145p; THF's annual results are due shortly.

Hanson dip and rally

Hanson Trust fell further to 325p before buyers reappeared and the price recovered to 332p, down only a penny on the day; Powell Duffryn closed unaltered at 435p, after 425p. Most leading miscellaneous industrials rallied after an initial flurry of selling, but Beecham, 15 down at 373p, and BOC Group, 9 cheaper at 248p, finished at, or near, the day's lowest. BTR closed a net 9 off at 603p after having been 595p at one stage, while Boots eased afresh to 184p before settling only a couple of pence cheaper at 186p. Elsewhere, Hoskins and Horton bucked the trend, rising 18 to 301p on news of the revised offer from Scottish Heritable Trust. Among occasional bright spots elsewhere, Redfearn National Glass improved 5 to 70p following a newsletter recommendation. Speculative demand lifted Elbief 3½ to 34½p, while Manchester Ship Canal continued firmly at 240p, up 10. Disappointing comment on the interim figures encouraged a smart turnround in Aim Group, which fell 8 to 116p. Bath and Portland eased 10 to 290p on a newspaper "sell" recommendation; the company is currently the subject of an agreed bid from Consolidated Gold Fields. Applied Computer fell 15 to 255p, after 250p, on worries about the dispute with Victor Technologies over the Sirius computer.

Motors were dull. Recent American favourite Jaguar eased 4 to 252p following an active two-way trade. Reliant, the subject of persistent speculative support of late, reacted 8 to 45p on consideration of the prospect of yet another first-half deficit, as indicated by the chairman in his annual statement.

Associated Newspapers fell 11 to 487p; the company is scheduled to announce preliminary figures on January 11.

Falls among the Property leaders were generally modest. Land Securities settled 4 cheaper and MEPC 5 off at the common price of 306p. Recent takeover favourite Stock Conversion came back 8 to 427p. Profit-taking clipped 15 from recent high-flyer Rosehaugh at 665p, but revived buying lifted Phoenix Property 5 to 36p; it was later announced that Mr H. F. Cooper, a director of the company, had increased his stake to 9.01 per cent.

Perennial takeover favourite Tootal fell 4 to 60p, after 59p, on news that Australian group Entrad has reduced its holding to just under 7 per cent; Entrad, quoted 25 higher at 115p in London, had previously intimated a desire to acquire around 20 per cent of Tootal. Elsewhere in textiles, Nottingham Manufacturing attracted late support and rose 4 to 214p.

Investment Trusts succumbed to the general malaise and displayed losses across the board. Triplevest Capital, 695p, and Lowland, 228p, were hit harder than most, falling 12 and 10 respectively. Gresham House, buoyant recently following an investment recommendation, encountered sporadic profit-taking and dipped 15 to 265p. Financials were also dull with double figure falls common to Mercantile House, 333p, Mills and Allen, 345p, and Exco, 535p. Robert Kitchen Taylor eased a couple of pence to 165p following the annual results.

Burmah rally late

A poor showing by Oils in New York overnight led to an initial mark-down of the oil majors. However, the majority of issues gradually improved and closed with only minor losses on balance. BP settled 4 off at 473p, after 470p, and Shell were a similar amount easier at 645p, after 640p. Britoil and LASMO gave up like amounts to 188p and 313p respectively. Secondary stocks were more vulnerable with Tricentrol finally 8 off at 180p, after 177p and Ultramar 11 lower at 197p, after 195p. Burmah came under pressure in early trading and fell to 212p before staging a strong recovery after-hours to close a net 4 firmer at 220p amid revived takeover speculation.

Golds sharply lower

Mining markets were again unnerved by the impact of the latest rise in the dollar. Gold opened relatively steady around $304 an ounce but quickly came under pressure and fell away to $299.50 at the morning fixing. Thereafter it staged a minor rally and gradually edged up to close only $2 easier on balance at a 2½ year low of $303.5.

South African Golds suffered a substantial mark down at the outset, reflecting sizeable declines in share prices in overnight New York markets, and continued to give ground during the morning as bullion retreated. However, a rally by many of the leading issues followed the afternoon upturn in bullion and the market generally closed well above the lowest levels, helped by bear closing from the Continent.

The Gold Mines index showed a further 22.0 fall to 451.3, its lowest level since November 1983.

Australian issues lost ground in Sydney and Melbourne overnight and continued to retreat during London trading. Leading stocks showed falls in the region of 4 common to CRA, 348p and Western Mining, 197p but Peko-Wallsend ended the day a fraction harder at 316p following news that Energy Resources of Australia, in which Peko is a major shareholder, has signed two substantial contracts to supply uranium to two American utilities.

Demand for Traded Options remained relatively buoyant. Total contracts struck amounted to 6,399. British Telecom attracted 1,043 calls and 110 puts, while Jaguar, another recent favourite, recorded 485 calls and 104 puts.

FINANCIAL TIMES STOCK INDICES

	Jan. 3	Jan. 2	Dec. 31	Dec. 28	Dec. 27	Dec. 24	year ago
Government Secs	81.00	81.21	81.71	81.58	81.86	82.02	83.48
Fixed Interest	84.96	85.27	85.35	85.34	85.35	85.61	86.71
Ordinary	928.7	940.4	952.3	945.3	929.0	926.0	783.6
Gold Mines	451.3	473.3	478.9	474.1	476.6	477.7	562.4
Ord. Div. Yield	4.63	4.57	4.53	4.56	4.63	4.65	4.53
Earnings, Yld.% (full)	11.77	11.65	11.51	11.60	11.77	11.82	9.27
P/E Ratio (net) (*)	10.20	10.32	10.43	10.35	10.20	10.16	13.15
Total bargains (Est.)	23,078	19,243	17,323	14,111	12,091	—	20,257
Equity turnover £m.	—	252.38	245.69	189.38	116.7	259.3	326.71
Equity bargains	—	18,909	18,264	14,810	9,598	9,985	20,693
Shares traded (mln)	—	126.4	131.0	115.9	69.2	141.6	195.9

10 am 923.9. 11 am 925.8. Noon 926.4. 1 pm 926.4. 2 pm 926.2. 3 pm 926.8.

Basis 100 Govt Secs 15/1/26. Fixed Int 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026

*Nil=9.86

HIGHS AND LOWS

—	1984/85 High	1984/85 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	83.77 (9/1/84)	78.72 (30/7/84)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.48 (14/3/84)	80.43 (30/7/84)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	952.3 (31/12/84)	755.3 (23/7/84)	952.3 (31/12/84)	49.4 (26/6/40)
Gold Mines	711.7 (8/3/84)	451.3 (3/1/85)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Jan. 2	Dec. 31
Daily		
Gilt Edged Bargains	94.8	80.5
Equities Bargains	122.5	118.3
Equities Value	469.7	496.5
5-day Average		
Gilt Edged Bargains	77.0	81.9
Equities Bargains	92.6	98.5
Equities Value	421.5	519.8

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Dec 17	Jan 4	Mar 21	Apr 1
Jan 7	Jan 18	Apr 11	Apr 22
Jan 21	Feb 1	Apr 25	May 7

For rate indications see end of Share Information Service

Call options were transacted in Owners Abroad, Ultramar, Sterling Guarantee Trust, Burmah Oil, Energy Capital, Tozer Kemsley and Millbourn, Falcon Resources, Midland Bank, Eglinton Oil and Gas, Keep Trust, C. H. Bailey, Lucas Industries and Braham Millar. Puts were struck in Stock Conversion, Westland, Lasmo and Shell Transport, while a double was arranged in Bristol Oil and Minerals.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Bailey (C. H.)	24½	+2
Brown (Matthew)	292	−6
Burmah Oil	220	+4
Dee Corp	198	−8
Hanson Trust	332	−1
Jaguar	252	−4
Lucas Inds.	248	−2
Normans	77	+2
Redland	287	−10
Reed Intl.	530	−8
Tootal	60	−4
Willis Faber	585	−5

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List

Stock	No. of changes	Wed. close	Day's change
Midland Bank	21	345	−28
BAT Inds.	13	340	−10
Hanson Trust	13	333	−9
Candover Invs.	12	222	+2
Hepworth (J.)	12	176	−10
Thorn EMI	12	472	−12
Brown (M.)	11	298	+18
Dixons Group	11	562	−8
Guinness (A.)	11	235	−9
Pilkington Bros.	11	298	−5
Wardle Storeys	11	178	+4
BTR	10	612	−2
Brit. Telecom.	10	106½	+1
Lucas Inds.	10	250	−4

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	1	96	7
Corpns Dom & Foreign Bonds	0	42	31
Industrials	96	623	714
Financial & Props	37	311	195
Oils	5	36	83
Plantations	0	8	9
Mines	6	90	82
Others	8	152	57
Totals	153	1,358	1,178

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Thur Jan 3 1985

[illegible]

FIXED INTEREST

[illegible]

BRITISH GOVERNMENT INDEX-LINKED STOCKS

[illegible]

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

NEW HIGHS AND LOWS FOR 1984/85

[illegible]

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C	$300	22	11	—	—	5	25	$302.90
GOLD C	$320	—	—	—	—	20	14	"
GOLD C	$325	12	3.70 B	27	8.60	—	—	"
GOLD C	$340	—	—	—	—	20	9.80	"
GOLD C	$360	—	—	—	—	10	5	"
GOLD C	$380	—	—	—	—	50	2.80	"
GOLD C	$400	53	0.20	—	—	—	—	"
GOLD P	$280	10	3.10	2	7	74	9	"
GOLD P	$300	29	9.50	4	10	16	13	"
GOLD P	$320	—	—	—	—	310	24	"

[illegible]

TOTAL VOLUME IN CONTRACTS: 27,543.

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls Jan.	Calls Apr.	Calls Jly.	Puts Jan.	Puts Apr.	Puts Jly.
B.P. (*473)	390	87	92	—	1	[illegible]	[illegible]
	420	57	65	—	1½	[illegible]	[illegible]
	460	25	33	45	8	[illegible]	[illegible]
	500	4	14	22	35	[illegible]	[illegible]
	550	2	9	—	80	[illegible]	[illegible]

[illegible]

Jan. 3. Total contracts 6,399. Calls 4,380. Puts 2,019. *Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for April, 1984: 349.7 and for November, 1984: 358.8.

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, HP AND LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BEERS, WINES—Cont.

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا أصل الأصل

INDUSTRIALS—Continued

LEISURE

INSURANCES

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

Australians

Tins

Miscellaneous

1984-85 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
410	210	Centenary Mn'ls.	337	–8	—	—	—
175	75	Colby Res Corp.	75	.....	—	—	—
955	550	Cons. Murch. 10c	550	.....	†Q100c	1.4	8.3
36	25	Emex Int. Ir10p	28		—	—	—
252	150	Hampton Areas 10p	157xd	–3	3.75	2.1	3.2
225	140	Highwood Res	168	.....	—	—	—
£24½	£16	Homestake Mining $1	£18¼	–⅛	Q20c	—	0.9
295	135	McFinley Red Lake	270	–5	—	—	—
240	101	Musto Explorations	197	.....	—	—	—
55	23	New Sabina Res C$1	30	–2	—	—	—
365	220	Northgate C$1	260	.....	—	—	—
718	500	RTZ	585	–8	†18.0	2.7	4.4
£155½	£113½	Do. 9½pcLn '95-2000	£131	–½	Q9½%	35.4	7.3
£11¼	850	Tara Exptn $1	£10	.....	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- "Tap Stock".
- Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- Figures or report awaited.
- Not officially UK listed; dealings permitted under Rule 535(4)(a).
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- Dealt in under Rule 535(3).
- Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- Merger bid or reorganisation in progress.
- Not comparable.
- Same interim: reduced final and/or reduced earnings indicated.
- Forecast dividend; cover on earnings updated by latest interim statement.
- Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- No par value.

B.Fr. Belgian Francs. Fr. French Francs. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. R Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	90	.....	Arnott	250	.....
Craig & Rose £1	£11	.....	CPI Hldgs	49	.....
Finlay Pkg. 5p	44	.....	Carroll Inds.	86½	.....
Higsons Brew	85	+2	Dublin Gas	65	.....
Holt (Jos) 25p	800	.....	Hall (R. & H.)	43	.....
IoM Stm. £1	150	.....	Helton Hldgs.	16	+1
IRISH			Irish Ropes	32xd	.....
Exch. 12% 1985	£98⅝	.....	Jacob (W.& R.)	60	.....
Nat. 9¾% 84/89	£83¼	.....	TMG	72	.....
Fin. 13% 97/02	£87½	.....	Unidare	78	.....

OPTIONS — 3-month call rates

Industrials	p				
Allied-Lyons	15	Hanson Tst.	22	Vickers	10
BAT	30	Hawker Sidd	38		
BOC Grp	24	Hse of Fraser	28	**Property**	
BSR	15	ICI	58	Brit Land	14
Babcock	13	'Imps'	14	Cap Counties	18
Barclays Bank	42	Jaguar	18	Land Secs	24
Beecham	30	Ladbroke	20	MEPC	30
Blue Circle	46	Legal & Gen	42	Peachey	24
Boots	18	Lex Service	32	Samuel Props	14
Bowaters	16	Lloyds Bank	42	Sterling Guar.	5½
Brit Aerospace	34	Lucas Inds	24		
Brit. Telecom	7½	Marks & Spcr	10	**Oils**	
Brown (J.)	3	Midland Bk	33	Brist. Oil & Min	4½
Burton Ord	32	NEI	9	Brit Petroleum	38
Cadburys	14	Nat West Bk	54	Burmah Oil	19
Comm Union	15	P & O Dfd	24	Charterhall	6
Courtaulds	11	Plessey	20	Premier	6
Debenhams	19	Polly Peck	25	Shell	55
Distillers	24	Racal Elect	24	Tricentrol	22
Dunlop	5	RHM	10	Ultramar	22
FNFC	7	Rank Org Ord	24		
Gen Accident	42	Reed Intnl	50	**Mines**	
Gen Electric	20	Sears	7		
Glaxo	90	TI	18	Charter Cons	21
Grand Met	26	Tesco	8	Cons Gold	42
GUS 'A'	55	Thorn EMI	42	Lonrho	14
Guardian	58	Trust Houses	12	Rio T Zinc	60
GKN	16	Turner Newall	9		
		Unilever	80		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 21

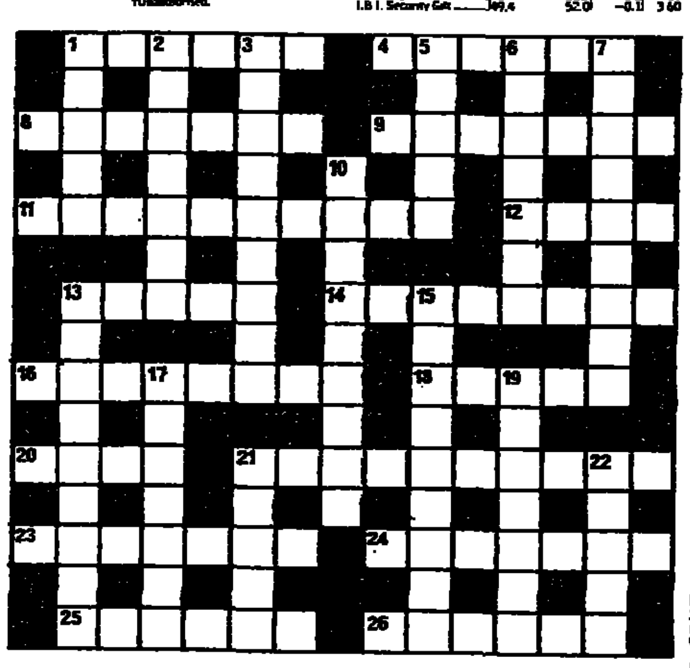
This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,609



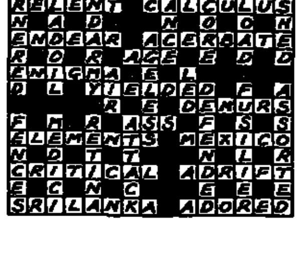
ACROSS

1 People get older—the people in the household (6)
4 What's spoiling mac? It's gum (6)
8 What the mind does once it starts (7)
9 Society's cutting, meagre (7)
11 Nitre mined in tin gives relevance (10)
12 She's seen in swell address (4)
13 Had a trip round cattle show (5)
14 The rest of the game could include me! (4-4)
16 Glass vessel (8)
18 Poems upset gloomy people (5)
20 Tops of shoulders are rarely indicated in this dress (4)
21 See 21 down.
23 I get grip on pouring the crude stuff (3, 4)
24 Impress on the mind in corn? (7)
25 Send me letters to be corrected (what ed. does) (6)
26 One D.I.Y. company could be a nonsense (6)

DOWN

1 The animal sounds like something to eat (5)
2 Gun in state requiring relief is made ineffective (7)
3 Colourful instrument for inexperienced person (9)
5 Fruit drink with very soft ingredient (9)
6 Trent or otherwise rushing stream (7)
7 Light mother's festival (9)
10 Severely tested, like pipes? (2, 3, 4)
13 He's abstaining about custom in Church (9)
15 A politician in noodle disturbed is ridiculed (9)
17 One with ice for fiery mouth (7)
19 Friend at Rome excited nearby place? (7)
21 and 21 across. End of flight of fancy? (5-6-4)
22 Clamorous number is un- [illegible] known factor (5)

Solution to Puzzle 5,608



INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

Money Market Trust Funds

	Nom	Apr	Int Cr	Notice
The Money Market Trust				
63 Qn Victoria St, EC4E 4ST. 01-236 0952				
Call Fund	8.86	9.06	6mth	Call
7-day Fund	9.10	9.31	6mth	7-day
Oppenheimer Money Management Ltd				
66 Cannon St, EC4N 6AF. 01-236 1425				
Call Fund	8.77	8.95	6mth	Call
7-day Fund	8.93	9.04	6mth	Call
Mny Mg Ac	8.75	9.04	6mth	Call
Dollar	7.25	7.38	6mth	2-day

Money Market Bank Accounts

	Nom	Apr	Int Cr	Notice
Aitken Hume				
70 City Road, EC1Y 2AY. 01-638 6070				
TreasuryAcc	9.375	9.71	Qtr	Call
MthIntChq	9.25	9.65	Mth	Call
Bank of Scotland				
38 Threadneedle St, EC2P 2EH. 01-628 8060				
Cheque Acc	9.45	9.87	Mth	Call
Barclays Prime Account				
PO Box 125, Northampton 0604 252891				
High Int Chq	9.75	10.11	Qtr	Call
Britannia Grp of Investment Companies.				
29 Finsbury Circ, EC2M 5QL. 01-655 2777				
Cater Allen	9.00	9.38	Mth	Call
Charterhouse Japhet plc				
1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	9.25	9.652	Mth	Call
U.S. Dollar	8.00	8.399	Mth	Call
German Marks	5.0	5.116	Mth	Call
Swiss Francs	2.0	2.018	Mth	Call
Japanese Yen	5.0	5.116	Mth	Call
Co-operative Bank				
78-80 Cornhill, EC3. 01-626 6543 Ext 445				
Under £1,000	8.00	8.24	Qtr	Call
Over £1,000	10.00	10.38	Qtr	Call
Dartington & Co Ltd				
Dartington, Totnes, Devon, TQ9 6JE. 0803 862271				
MnyMktAcc	9.50	9.84	Qtr	Call
Henderson/Bank of Scotland				
38 Threadneedle St, EC2 01-628 8060				
MyMtChqAc	9.45	9.87	Mth	Call
Lombard North Central plc				
17 Bruton St, W1A 3DH. 01-409 3434				
Notice Dep	10.00	10.25	Ret	14-day
M & G Kleinwort Benson				
91-99 New London Rd, Chelmsford. 0245 51651				
HighIntChqAc	9.30	9.45	Daily	Call
Midland Bank plc				
PO Box 2, Sheffield 0742 20999 Ext 8738				
High Int Chq	9.30	9.62	Qtr	Call
Provincial Trust (formerly Choulartons)				
30 Ashley Rd, Altrincham, Cheshire, WA1 7DW. 061-929 9011				
Cheque Acc	9.25	9.65	Mth	Call
Save & Prosper/Robert Fleming				
28 Western Rd, Romford, RM1 3LB. 0708 66966				
HighIntMkAc	9.00	9.41	Daily	Call
Premier Acc	9.00	9.41	Daily	Call
Tyndall & Co				
29-33 Princess Victoria St, Bristol BS8 4BX. 0272 732241				
Demand Acc	9.02	9.33	Qtr	Call
Money Acc	9.125	9.44	Qtr	Chq/7
J. Henry Schroder Wagg & Co Ltd				
Enterprise House, Portsmouth. 0705 827 733				
Special Acc	8.85	9.21	Mth	Call
Over £10,000	9.10	9.48	Mth	Call

NOTES—Interest rates given both as a nominal rate and an annual percentage rate adjusted for frequency of interest credit.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered prices include all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. § Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. Φ Yield column shows annualised rates of NAV increase.

COMMODITIES AND AGRICULTURE

Gold price briefly slips below $300

BY JOHN EDWARDS, COMMODITIES EDITOR

THE GOLD price on the London bullion market dipped briefly below $300 a fine ounce yesterday for the first time since June 1982. The morning fixing was $299.50, but this proved to be the low for the day. Encouraged by a firmer trend in early dealings on the New York (Comex) market, gold rallied to close at $303.50, still $2 down on the previous close.

The decline to below $300 was attributed to the easier trend in New York overnight and the early strength of the dollar against other currencies, especially the Swiss Franc, which triggered off some nervous selling.

The subsequent minor recovery reflected some physical buying interest and technical short-covering, but the market remains highly nervous.

Some dealers are forecasting a fall to lower levels — some even suggest as low as $200 — especially if an oil price war develops. Other traders claim that gold has held up better than expected recently bearing in mind the strength of the dollar and suggest that support buying by the central banks to protect the value of their reserve holdings will emerge whenever gold threatens to go much below $300.

Meanwhile, platinum and silver prices in London also dropped to the lowest levels for 2½ years. London free market platinum fell by $5.75 to $277.50 (£241.30) an ounce. The London bullion spot price for silver at the morning fixing was cut by 23.3 cents (22.9p) to 601.70 cents (523.65p) an ounce, but rallied to close at 611.5 cents.

On the London Metal Exchange the decline in gold, and the subsequent recovery in the value of sterling, brought a generally easier trend. However, the continued shortage of immediately available supplies pushed the cash price of lead up again. It closed £12.5 higher at £373.5 a tonne and then surged to over £400 in late kerb trading. The three-months quotation closed £3 lower at £330.5 and in the U.S. Asarco announced yet another reduction of a centre in its domestic selling price to 19 cents a lb.

There is increasing concern on the London Metal Exchange over the wild gyrations in the lead cash price in recent weeks. Traders note that similar fluctuations on a percentage basis in other better-known markets, like copper, would have been likely to trigger off a storm

Warning on egg output

BY OUR COMMODITIES STAFF

THE PROBLEMS of the UK egg industry, which is depressed by excess production capacity and declining demand, could get worse this year, according to a new report* by the market research company Key Note Publications.

But it adds that in future, consumption of eggs may decline at a slower rate than hitherto. Average consumption is now down to 3.5 per person per week from 3.88 in 1979, and Key Note reckons it could drop slowly towards three, which is the limit often recommended on health grounds.

● In an attempt to boost demand for bacon during the traditionally slack post-Christmas period Ess Food, the Danish bacon exporting company, has cut the first hand price on the UK market by £90 a tonne, to £1,480.

The cut works out at 4p a pound averaged over a complete side but the reduction is expected to be concentrated on certain cuts, which should fall much more sharply.

* *Battery Farming: an industry sector overview. Key Note Publications, 28-42 Banner Street, London EC1Y 8QE.*

U.S. financial futures cleared by report

By Nancy Dunne in Washington

FINANCIAL FUTURES and options contracts traded on the U.S. markets appear to have "no measurable influence on capital formation" according to a study released yesterday by three U.S. Government agencies.

The study, ordered by Congress in 1982, makes it unlikely that legislators will seek to impose closer supervision on U.S. futures markets.

It concludes that investments in futures "do not absorb the real savings of society" and do not affect the total volume of funds available to financial markets.

The study was conducted by the Federal Reserve, the Securities and Exchange Commission and the Commodity Futures Trading Commission. It credited new financial futures "with enhancing liquidity in some of the underlying cash markets. And it concluded: "The weight of the evidence, although not conclusively, points against the assertion that activities of speculators in futures, options and cash markets tend to be price destabilising."

● TEA prices at Monday's London auction averaged 272.72p a kilo, up from 272.01 pence at the December 17 auction, the Tea Brokers' Association of London disclosed.

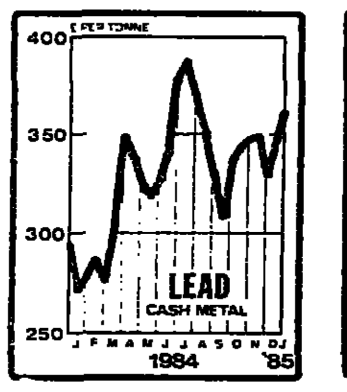
● GHANA'S Cocoa Marketing Board purchased 10,320 tonnes of cocoa in the 11th week of the 1984-85 maincrop season, ended December 21, taking cumulative purchases for the season o 117,562 tonnes, down from 140,982 tonnes at the same stage last year.

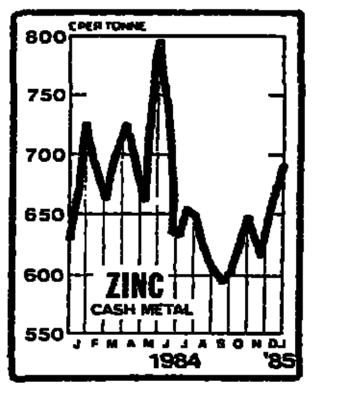
● SRI LANKA'S tea production in November totalled 18.07m kilos, down 370,000 kilos from the same month in 1983, the Tea Board said. Traders attributed the decline to unfavourable weather conditions in some tea growing areas.

● CAMEROUN'S National Produce Marketing Board said cocoa purchases up to December 24 totalled 66,385 tonnes, 29,777 tonnes up on the figure for the same time last year.

Missouri strike settlements jolt forecasts

George Milling-Stanley analyses the impact on two base metal markets





RECENT FORECASTS of trends in the lead market, including the latest review from Shearson Lehman/American Express, have been thrown awry by the settlement of all the industrial disputes in the Missouri lead belt, which looks likely to ensure full production throughout next year from this important area.

Management's insistence on very tough conditions was expected to prolong well into 1985, the disputes, which had already lasted up to eight months. In the event, the workforces at Asarco, St Joe and Amax all chose to ignore the advice of their union officials and accepted the companies' offers.

Mr Stephen Briggs, author of the Shearson review, had predicted a fall of 65,000 tonnes in lead stocks next year, following 1984's drop of 160,000 tonnes. And he expected this to help boost the average price to around £390 per tonne, using the exchange rate forecast provided by the Shearson group's U.S. arm of $1.35 equalling £1.

Since the news of the settlements, he is now expecting an average price in 1985 somewhere between £320 and £390 —not significantly different from the current level.

Zinc and lead are respectively the fourth and fifth most important metals in the world, judged on the tonnages produced, and they have traditionally been considered together for a number of reasons.

The bulk of production comes from polymetallic orebodies in which both are present and consumption patterns tend to be similar with the two metals heavily dependent on the fortunes of the motor industry. Thus prices have generally moved in tandem.

The recent picture has been somewhat different, however, with zinc prices almost doubling in the 18 months to May last year to reach their highest levels for nine years, while lead prices were much more stable by comparison.

The reasons for this are not hard to find. Mine production of both metals has fluctuated in recent years, but while the figures for output of refined lead have remained broadly unchanged, the processors of zinc, especially those in the European Community, joined forces to restrict their output in an effort to support the price. And refined production fell sharply in 1982.

The subsequent strength in the price, which persisted well into 1984, largely followed from the perception in the market that zinc supplies were likely to remain tight as a result of these actions.

Consumption of both metals, according to the Shearson review, rose by some 4 per cent in 1984, but Mr Briggs believes this will halve next year to about 2 per cent, with a further fall to just 1 per cent the following year.

The growth in demand in 1984 has reduced the sizable surpluses which have been overhanging the market for the past couple of years. But the slowing in world economic activity, which Mr Briggs expects in the next two years is likely to lead to a period of stability or weakness in prices.

The 4 per cent rise in zinc demand has taken the total to a record 4.8m tonnes, indicating a fall of something like 300,000 tonnes in stocks between 1982 and 1984. However, mine output is also believed to have climbed to record levels, according to the International Lead and Zinc Study Group, with over 5m tonnes likely to be produced last year and a further increase to 5.2m tonnes in prospect for 1985.

The zinc price has already responded to the improvements effected in the supply/demand balance largely by action on the part of EEC refiners, with prices almost doubling to £790 a tonne in the 18 months to May 1984. Subsequent increases in production brought about a drop to £620, and the price now seems to have settled a little below the £700 level.

Taking all this into account, Mr Briggs suggests an average price of around £600 per tonne for the next two years, provided that output is not allowed to grow as fast as it did in 1984.

Both metals therefore seem set for pretty unexciting times over the next couple of years, provided the Shearson assumptions prove to be close to the mark. But it is worth bearing in mind that the predictions took a nasty jolt over the settlements in Missouri, and there is no telling what further surprises fate may have in store to upset the forecasts.

Scottish fishing co-operative goes into liquidation

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

THE Fishermen's Mutual Association of Buckie, one of Scotland's larger fishing co-operatives, has gone into liquidation.

The co-operative, with about 30 vessels and 40 members, is one of 37 in Scotland, the north of England and Northern Ireland, which take on various roles to market the catch and buy in supplies for members.

At Buckie, on the northern Grampian coast, the association apparently suffered from diversifying its activities too far away from its normal activities. It is understood that the co-operative ran up a considerable overdraughts financing its operations and those of its boat-building subsidiary—Herd and Mackenzie. Earlier, the association at Buckie sold off its stake in a net-making concern.

The co-operative's management announced it was going into liquidation after accepting an independent accountants' report commissioned by the Royal Bank of Scotland. About 125 people are employed by the co-operative at Buckie, Fraserburgh and Peterhead.

Most of them work for Herd and Mackenzie, which the co-operative hopes to sell as a going concern. Local politicians have encouraged a management buy-out

Mr Billy Hughes, president of the Scottish Federation of Fishermen's Co-operatives, said that the demise of the Buckie Co-operative, although regretted, would not affect the co-operative movement among Scotland's fishermen, since the co-operatives were self-governing.

Over half the fish landed in the UK come into Scottish ports. The co-operatives have gradually emerged since 1925 as marketing and bulk-buying concerns for fishermen.

Sugar values weaken

By Our Commodities Staff

WORLD SUGAR values fell back again yesterday after rising earlier in the week from recent 14-year lows. In the morning, the London daily raws price was fixed 50 cents down at $97.50 a tonne and on the London futures market nearby positions ended about $2 down.

Dealers said the downturn was influenced by an easier New York market, lower gold prices and selling tenders announced by Belize, the Dominican Republic and Ecuador.

The Dominican Republic's tender today covers 30,000 tonnes for July-August shipment and 10,000 tonnes for June-July shipment. The Ecuador tender yesterday was for 7,000 tonnes of prompt shipment raws.

At its regular weekly tender yesterday, the EEC Commission granted export licences for 56,750 tonnes of white sugar with a maximum subsidy of 42.668 European Currency Units per 100 kilos. The result, which takes the total issue of whitesugar licences in the first 19 weeks of the 1984-85 export in line with expectations campaign to 1.01m tonnes, was

● Australia is likely to continue to sell sugar regularly to Korea and New Zealand on a spot basis following the expiry of long-term supply contracts to both countries, a spokesman for CSR, Australia's sugar selling agent, said. There were no current discussions on renewing the contracts, he confirmed.

The sugar industry is not hopeful that any new contracts will be negoriated, given the low current world price. Both lapsed contracts were negotiated at a time when the market outlook was for higher prices, unlike now, with prices near 14-year lows.

The Korean contracts called for the supply of 1.2m tonnes over the five-year period 1980-84 plus an additional 250,000 tonnes for 1981-84.

The New Zealand contract was for 340,000 tonnes over the five years 1980-84.

LONDON MARKETS

COFFEE futures prices fell back again on the London market yesterday with the March position ending £13 down at £2,276 a tonne. Dealers said a lower opening was encouraged by the sharp fall in the open position for January delivery to 2,806 lots on Wednesday following the posting of 1,733 tenders. This tended to ease concern about the orderly expiry of the January position later in the month. Firmer sterling against the dollar gave further encouragement to the fall.

A late rally lifted the May cocoa futures price to £1,882.50, down £3 on the day, from a low point of £1,865 prompted by a weaker opening in New York. The market remains caught between bearish fundamentals and constructive chart patterns, one analyst commented.

MAIN PRICE CHANGES

In tonnes unless otherwise stated

	Jan. 3 1985	+ or —	Month ago
METALS			
Aluminium	£1100	....	£1100
Free Mkt.	$1095/1125	—12.5	$1175/1205
Copper			
Cash h Grade	£1134.25	—2.25	£1096.5
3 mths.	£1142.75	+0.5	£1114.25
Gold troy oz.	$303.5	—2	$330.5
Lead Cash	£373.5	+12.5	£337.5
3 mths	£330.5	—3	£334.25
Nickel	£5967	....	£5967
Free Mkt	215/245c	... .	220/260c
Palladium oz.	$122.0	—2	$140.65
Platinum oz.	$277.50	—5.75	$320.00
Quicksilvert	$300/310	....	$295/305
Silver troy oz.	523.65p	—22.90	587.95p
3 mths.	536.00p	—23.65	601.15p
Tin cash	£9950	—30	£9857.5
3 mths	£9915	—35	£9827.5
Tungsten	$83.51	....	$86.50
Wolfram 22 04lb	$70/74	—3	$74/76
Zinc	£690.5	—0.5	£651
3 mths	£686.75	+0.5	£650.5
Producers	$900	....	$900

	Jan. 3 1985	+ or —	Month ago
OILS			
Coconut (Phil)	$935y	....	$1010
Palm Malayan	$585	....	$595
Seeds			
Copra Phil	$575y	+15	$570
Soyabean (U.S.)	$240.5	+1	$250
GRAINS			
Barley Fut. Mar	£114.00	+0.55	£113.30
Maize	£146.50	....	£145.50
Wheat Fut.Mar	£113.35	+0.35	£113.65
No2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. May.	£1882.5	—3	£1838.5
Coffee Ft. Mar.	£2276	—13	£2287.5
Cotton A index.	71.65	—0.35	72.20c
Gas Oil Feb.	$216.5	+1	$231.75
Rubber (kilo)	63p	....	61p
Sugar (raw)	$97.50y	—0.5	$113
Woolt'ps 64s	496p kilo	+2	482p kilo

‡ Unquoted. z Feb. q Jan-Feb. x Dec-Jan. † Per 75-lb flask. n Nominal. c Cents per pound.

INDICES

FINANCIAL TIMES

Jan. 2	Dec. 31	M'th ago	Year ago
290.56	289.64	289.26	295.33

(Base: July 1 1952 = 100)

REUTERS

Jan. 3	Jan. 2	M'th ago	Year ago
1916.0	1919.2	1907.0	1968.4

(Base: September 18 1931 = 100)

MOODY'S

Dec. 27	Dec. 19	M'th ago	Year ago
965.9	966.4	—	1404.2

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	Dec. 27	Dec. 19	Month ago	Year ago
Spot	121.99	122.83	—	140.42
Fut	124.33	123.66	—	143.63

(Base: December 31 1974 = 100)

OIL

The spot crude oil market was uncertain but generally bearish with most trading in Brent Blend. Nymex opened 13c up on Wednesday's close but the strength was short-lived and by 1 pm EST February was trading 15c down. The petroleum products remained stable except for gas oil which firmed. Sudden demand for prompt oil on the barge market affected the cargo market and prices rose by $2-3. Demand in the UK and on the Continent kept fuel oil prices stable—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arab Light	27.60-27.80	—0.15
Arab Heavy	26.05-26.15	—0.05
Dubai	26.90-27.10	—0.15
Brent Blend	26.35-26.45	—0.10
W.T.I. (1pm est)	26.05-26.10*	+0.025
Forcados (Nigeria)	27.00-27.15	—
Urals (cif NWE)	26.70-27.00	—0.15
PRODUCTS—North West Europe "cif" ($ per tonne)		
Premium gasoline	235-237	—
Gas Oil	216-218	+2.5
Heavy fuel oil	181-184	+0.5

All January except * which is February.

Petroleum Argus Estimates

GAS OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Jan	216.75	+1.25	217.75-14.00
Feb	216.50	+1.00	217.75-14.50
March	213.75	+1.50	215.25-15.50
April	211.75	+1.50	213.50-10.50
May	212.50	+1.75	215.00-11.00
June	211.00	+1.00	—
July	212.00	+2.00	—
Aug	211.00	+1.50	—

Turnover: 2,558 (1,607) lots of 100 tonnes.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	1133.5-4	-11	1134-.5	-2.25
3 months	1141-.5	-7.75	1142.5-3	+.5
Settlem't	1134	-11	—	—
Cathodes				
Cash	1127-9	-6.5	1128-30	—
3 months	1145-6	-4	1143-5	+.5
Settlem't	1129	-6	—	—

Amalgamated Metal Trading reported that in the morning cash higher grade traded at £1,134.5, 34, three months £1,144, 44.5, 44, 42.5, 42, 41.5, 41. Cathodes: Three months £1,142, 43, 45. Kerb: Higher Grade: Three months £1,141, 41.4, 45. Afternoon: Higher Grade: Three months £1,144, 43.5, 43. Kerb: High Grade: Three months £1,141, 40.5, 40, 41, 40.5, 40, 40.5. Turnover: 19,000 tonnes. U.S. Producers: 63.00-67.00 cents per pound.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	9968-72	-42.5	9950-5	-42.5
3 months	9955-60	-12.5	9935-35	-35
Settlem't	9972	-45	—	—
Standard				
Cash	9966-8	-32	9945-55	-30
3 months	9930-5	-27.5	9910-20	-35
Settlem't	9968	-32	—	—
Straits E.	$29.15	—	—	—

Tin—Morning: Standard: Cash £9,970, 68, 67, 68. Three months £9,945, 40, 35. High Grade: Cash £9,975, 70, 72. Kerb: Standard: Three months £9,930, 25. Afternoon: Standard: Three months £9,930, 25, 20. Kerb: Standard: Three months £9,920, 10. Turnover: 2,045 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	372-3	+12.5	373-4	+12.5
3 months	330-1	-1.75	330-1	-3
Settlem't	373	+12	—	—

Lead—Morning: Cash £356, 68, 72, 73, three months £331, 30. Kerb: Cash £372, three months £330. Afternoon: Cash £373, three months £331, 30, 31. Kerb: Cash £380, 90, 95, 400, 10, three months £329.5, 30. Turnover: 12,675 tonnes. U.S. Spot: 20.00-26.00 cents per pound.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	690-1	-4	690-1	-.5
3 months	686-.5	-.75	686.5-7	+.5
Settlem't	691	-4	—	—

Zinc—High grade Official Unofficial prices: Cash am £743-5, pm £740-5, three months am £725-30, pm £726-30. Settlement £745.

Zinc—Morning: Cash £690, three months £683, 83.5, 84, 85, 86. High grade: Cash £744. Kerb: Three months £686. Afternoon: Cash £691, three months £686.5, 87. Kerb: Three months £686.5, 87.5, 88, 89, 90. Turnover: 12,575 tonnes. U.S. Prime Western, 45.00-45.75 cents per pound.

ALUMINIUM

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	897-.5	-14.2	901.5-2.5	-8.5
3 months	920-.5	-12	924.5-5	-4.75

Aluminium—Morning: Cash £897.5, three months £920, 21, 19.5, 20. Kerb: Three months £920, 19.5, 20, 21, 20.5, 21. Afternoon: Three months £924, 25, 25.5, 25, 24.5, 24.5. Kerb: Three months £924.5, 24, 23, 22, 21, 20. Turnover: 19,000 tonnes.

NICKEL

NICKEL	a.m. Official	+ or —	p.m. unofficial	+ or —†
Spot	4185-90	-10	4190-5	-12.5
3 months	4202-3	-27.5	4205-10	-10

Nickel—Morning: Three months £4,200, 5, 2. Kerb: Three months £4,205. Afternoon: Three months £4,210. Kerb: Three months £4,210. Turnover: 702 tonnes.

GOLD

Gold fell $2 an ounce from Wednesday's close in the London bullion market yesterday to finish at $303¼-303¾, its lowest closing level for 2½ years. This showed a recovery however from a morning fixing of $299.50 which proved to be the day's low. The move above this level did not reflect a change in sentiment and with the dollar remaining firm, the £300 level was likely to be tested again, according to market sources.

LONDON FUTURES

Month	Yest'days close	+ or —	Business Done
	$ per troy ounce		
Jan.	—	—	—
Feb.	304.50-04.50	—2.90	304.10-00.70
April	307.00	—	307.00-05.00

Turnover: 517 (357) lots of 100 troy ounces.

GOLD BULLION (fine ounce) Jan. 3

Close	$303¼-303¾	(£263¾-264¼)
Opening	$303½-304	(£265-265½)
M'n'g fix.	$299.50	(£260.889)
Aft'n'n fix.	$302.50	(£263.053)

GOLD AND PLATINUM COINS

Kr'g'r'nd.	$312-313½	(£271-272½)
½ Krug.	$159½-160½	(£138¼-139½)
¼ Krug.	$81-83	(£70¼-71¼)
1/10 Krug.	$32¾-33½	(£28½-29)
Mapleleaf	$312-315½	(£271-272½)
New Sov.	$70½-72	(£61-62½)
½New Sov.	$42½-45	(£37-39)
Old Sov.	$72-73¼	(£62¾-64)
$20 Eagle	$540-570	(£469¼-495¼)
Noble Plat	$285½-289½	(£248-251½)

SILVER

Silver was fixed 22.9p an ounce lower for spot delivery in the London bullion market yesterday at 523.65p. U.S. cent equivalents of the fixing levels were: spot 601-7c, down 23.3c; three-month 613-7c, down 23.7c; six-month 628.6c, down 24.4c; and 12-month 659.7c, down 25.3c. The metal opened at 532-535p (610-613c) and closed at 529-532p (609-612c).

SILVER per troy	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	523.65p	-22.9	528p	-11.5
3 months	536.00p	-23.5	541.25p	-10.5
6 months	550.30p	-23.8	—	—
12months	577.65p	-24.0	—	—

LME—(2,000 oz contract): cash 528p (539.5p); three months 541.25p (551.75p). Turnover: 0 (0).

Turnover: 67 (85) lots of 10,000 oz. Morning: large 1st ring three months 537, 2nd ring cash 524, three months 537. KERB: untraded. Afternoon: untraded. KERB: large three months 539.

COCOA

Trade was again thin and in a narrow range. Physical interest was light and limited to nearby products trading, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1871-1873	—1.5	1876-1865
May	1883-1883	—3.0	1888-1880
July	1887-1888	—3.0	1895-1887
Sept	1890-1891	—4.0	1894-1883
Dec	1841-1843	—3.5	1845-1840
Mar	1835-1848	+4.0	1840-1836
May	1830-1855	—7.5	—

Sales: 1,258 (2,066) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for January 3: 95.16 (same): five-day average for January 95.83 (96.10).

COFFEE

Trade selling produced a weaker than expected opening as lower sterling only attracted smallscale-down support, reports Drexel Burnham Lambert. Prices continued to decline during the afternoon with commission house pressure. Profit-taking around £2,260, basis March, provided fresh incentive for values to consolidate in quiet conditions.

COFFEE	Yesterd'ys Close	+ or —	Business Done
January	2235-38	—25.5	2250-31
March	2275-77	—13.0	2280-60
May	2290-92	—6.0	2295-71
July	2296-99	+4.0	2300-73
Sept	2296-98	+12.0	2298-75
Nov	2292-98	+11.5	2295-76
Jan	2286-87	+11.5	—

Sales: 3,410 (4,418) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for January 2: Comp daily 1979 133.74 (134.01); 15-day average 133.64 (133.69).

GRAINS

Barley found good support in nearbys reflecting shipping demand, although flat trade was again thin. Wheat moved slightly higher in sympathy, reports Muirpace.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterd's close	+ or —
Jan.	110.15	+0.25	111.35	+0.55
Mar.	113.35	+0.35	114.00	+0.55
May	117.00	+0.20	116.90	+0.50
July	118.90	+0.20	—	—
Sept.	98.05	+0.05	98.05	—
Nov.	101.45	+0.20	101.35	—

Business done—Wheat: Jan 110.15-09.95, March 113.35-3.10, May 117.00-6.80, July 118.80 onlyq, Sept 98.05 only, Nov 101.40 only. Sales 158 lots of 100 tonnes. Barley: Jan 111.00-10.90, March 114.00-3.55, May 116.90-6.75, Sept 98.05 only, Nov 101.35 only. Sales: 39 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. dark northern spring no 1 14 per cent Jan 170.40, transshipment East Coast: U.S. no 2 soft red winter Jan-Feb 154.50, March 154.25 sellers. Maize: U.S. no 3 yellow French Dec-Jan 146.50 transshipment East Coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: W. Mids 108.90, N. West 108.90. The UK monetary coefficient for the week beginning Monday January 7 (based on HGCA calculations) is expected to remain unchanged at 1.019.

PIGMEAT

Light trade and speculative selling forced prices lower in thin trading conditions, reports CCST Commodities.

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
Feb.	110.30	112.50	111.70-110.00
April	109.30	111.30	111.50-109.20
June	106.90	108.70	108.50-106.70
Aug	103.30	104.00	105.50-103.00
Oct.	110.20	112.00	111.80-110.00
Nov	111.00	112.30	112.20-110.80

Sales: 117 (33) lots of 50 carcases, 3,250 kg.

POTATOES

The market continued quiet and lacklustre, with little change in prices, reports Coley and Harper.

Month	Yesterdy's close	Previous close	Business Done
	£ per tonne		
Feb.	46.10	46.30	—
April	54.10	54.20	54.40-53.60
May	56.90	56.80	57.00-56.50
Nov.	70.30	70.40	70.10-70.00
Feb.	83.00	82.00	—

Sales: 143 (109) lots of 40 tonnes.

RUBBER

PHYSICALS—The London market opened easier, attracted little interest at the lower levels and closed dull reports Lewis and Peat. Closing prices (buyers): Spot 63.00p (same); Feb 73.50p (73.75p); Mar 74.50p (same). The Kuala Lumpur Jan fob price for RSS No 1 was 187.5 (188.0) and for SMR 20 was 182.0 (182.5).

SOYABEAN MEAL

The market opened unchanged in thin conditions and remained in narrow trading ranges, reports T. G. Roddick.

	Yesterday close	+ or —	Business Done
	£ per tonne		
Feb.	142.5-144.0	—0.50	143.6
April	142.5-143.5	—0.75	143.5
June	143.0-144.5	—0.85	—
August	146.5-148.8	—1.00	—
October	147.1-150.5	—0.70	—
Dec	148.0-151.5	—1.08	—
Feb	150.0-154.0	—0.50	—

Sales: 11 (135) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $97.50 (£85.00), down 50c (down 50p) a tonne for January-February delivery. Whitesugar £135.50, up 50p.

Reports that Tunisia had received low offers at yesterday's snap tender for two cargoes produced an easier tone, reports C. Czarnikow.

No.6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Mar.	117.8-118.0	119.4-119.6	119.2-117.0
May	125.6-125.8	128.4-128.6	128.0-124.2
Aug	135.8-136.8	136.4-136.8	136.0-134.8
Oct	142.8-145.2	143.6-145.6	145.4-141.2
Dec	149.0-149.8	149.8-151.8	—
Mar	164.0-164.4	164.4-165.0	164.2-166.2
May	170.4-171.2	171.0-172.0	170.6-170.0

Sales: 2,246 (891) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £190.50 (£191.00) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports). Prices from January 2: Daily price 3.20 (3.18): 15-day average 3.38 (3.42).

U.S. MARKETS

HEATING OIL opened firm on forecasts of cold weather in the north-east but started fading through the day to finish moderately lower, reports Herald Commodities. Cotton prices rallied strongly as unfavourable weather in the Texas Panhandle further delayed the completion of the harvest amid fears of continued quality deterioration. Sugar prices were lower as the long-term liquidation of long positions held by commission houses continued; the prospects of a growing world surplus have limited the buying interest to mostly technical action. Copper prices rallied moderately attracting buying by arbitrageurs against a strong rally in sterling. Aluminium prices followed the general upward trend in the metals mostly on arbitrage support and technically-oriented buying. Cocoa prices were essentially unchanged as light manufacturers price fixing did not attract any speculative interest. Coffee prices came under steady pressure as trade hedging of ample inventories dominated the thinly traded market. Soyabeans opened steady and continued to advance throughout the day on professional buying and local short-covering finishing moderately higher. Maize closed mixed with good commercial support concentrated in nearby months. Wheat prices were on the defensive closing slightly lower on local and professional selling. Gold prices were unable to rally with the currencies and were mostly unchanged

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	High	Low	Prev
Jan	46.55	—	—	46.00
Feb	46.95	—	—	46.40
March	47.35	47.35	46.65	46.80
May	48.15	48.10	47.40	47.60
July	48.95	48.75	48.65	48.40
Sept	49.75	—	—	49.20
Dec	50.95	—	—	50.40
Jan	51.35	—	—	50.80
March	52.15	—	—	51.60
May	52.95	—	—	52.40

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
March	2028	2033	2018	2025
[illegible]				

COFFEE "C" 37,000 lbs, cents/lb [illegible]

COPPER 25,000 lbs, cents/lb [illegible]

COTTON 50,000 lbs, cents/lb [illegible]

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels [illegible]

GOLD 100 troy oz, $/troy oz [illegible]

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons [illegible]

ORANGE JUICE 15,000 lb, cents/lb [illegible]

PLATINUM 50 troy oz, $/troy oz [illegible]

SILVER 5,000 troy oz, cents/troy oz [illegible]

SPOT PRICES—Chicago loose lard [illegible]

SUGAR WORLD "11" 112,000 lbs, cents/lb [illegible]

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb [illegible]

LIVE HOGS 30,000 lb, cents/lb [illegible]

MAIZE 5,000 bu min, cents/56-lb bushel [illegible]

PORK BELLIES 38,000 lb, cents/lb [illegible]

SOYABEANS 5,000 bu min, cents/60-lb bushel [illegible]

SOYABEAN MEAL 100 tons, $/ton [illegible]

SOYABEAN OIL 60,000 lbs, cents/lb [illegible]

WHEAT 5,000 bu min, cents/60-lb bushel [illegible]

OTHER MARKETS

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller business). Australian cents per kg. March 581.0, 582.0, 581.5-581 [illegible]

MEAT/FISH

SMITHFIELD—Pence per pound. Beef: Scotch killed sides [illegible]

ROTTERDAM

WHEAT—(U.S. $ per tonne): [illegible]

PARIS

SUGAR—(FFr per tonnes): March [illegible]

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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar erratic but firm

The dollar showed mixed changes in currency markets yesterday but retained its firm undertone. Quotations on cross rates see-sawed throughout the day as bouts of selling were countered by renewed demand at lower levels. Having opened lower, the U.S. unit was well bid but fell back before recovering once again. Fears that the Bundesbank had intervened, which were probably unfounded, prompted a further sell off, although there was a slight upturn before U.S. centres entered the market as net sellers of dollars. There was once more attempt to push the dollar firmer but this again was met with profit taking and the dollar finished below the day's highs.

U.S. factory goods orders rose 4.3 per cent in December, much in line with market expectations but a 10.6 per cent drop in family house sales compared with a rise in November of 0.9 per cent (itself revised downwards from 2.9 per cent) provided motivation to liquidate dollar positions. The effect appeared to be temporary however because the dollar always attracted interest at the lower levels, which tended to highlight the bullish undertone currently sustaining the U.S. unit.

The dollar rose to a high of DM 3.1790 against the D-mark but also touched a low of DM 3.1520 before closing at DM 3.1615, down from DM 3.1730 on Wednesday. It was also weaker against the French franc at FFr 9.6825 from FFr 9.7050. By contrast it rose to SwFr2.6210 from SwFr2.6170 against the Swiss franc and Y252.40 from Y251.75 in terms of the yen. On Bank of England figures, its trade weighted index was 145.5 from 145.7.

STERLING — Trading range against the dollar in 1984-85 is 1.4940 to 1.1485. December average 1.1873. The exchange rate index rose to 72.8 from 72.5, having touched a low at 10 am of 72.4. Six months ago the figure stood at 78.6.

Sterling's recovery was probably a reaction to its recent sharp fall although there were suggestions that a possible rise in UK clearing bank base rates provided some support. However in the absence of any official indications on the matter and the Government's known reluctance to push rates firmer, there was little justification for such sentiment. Sterling closed at $1.1500 - $1.1510, a rise of 20 points. It was slightly easier against the Deutsche Mark at DM 3.64 from DM 3.6450 but rose against the French franc to FFr 11.1675 from FFr 11.1600. It was also higher against the Swiss franc at SwFr 3.0150 from SwFr 3.0050 and Y290.50 from Y289.0.

DEUTSCHE MARK — Trading range against the dollar in 1984-1985 is 3.1730 to 2.5535. December average 3.1021. Trade weighted index 120.1 against 124.5 six months ago.

The dollar was fixed at DM 3.1662 at yesterday's fixing in Frankfurt down from DM 3.1727 on Wednesday and there was no intervention by the Bundesbank at the fixing. Early trading saw the dollar touch a high of DM 3.1785 but this prompted some banks and institutions to take profits and the dollar fell rapidly to DM 3.1520. This sparked off rumours of intervention by the Bundesbank which accelerated the dollar's downward correction. However there appeared to be little firm indication of any central bank intervention.

Elsewhere sterling improved to DM 3.6350 from DM 3.6270 while the Swiss franc eased to DM 1.2084 from DM 1.2120. Within the EMS the Belgian franc was higher at DM 4.9940 per BFr 100 from DM 4.9920 but the French franc slipped a little to DM 32.675 per FFr 100 from DM 32.685.

STERLING EXCHANGE RATE INDEX (Bank of England)

	Jan. 3	Previous
8.30 am	72.6	72.8
9.00 am	72.5	72.8
10.00 am	72.4	72.4
11.00 am	72.5	72.3
Noon	72.6	72.4
1.00 pm	72.8	72.3
2.00 pm	72.6	72.4
3.00 pm	72.6	72.5
4.00 pm	72.8	72.5

£ in New York

	January 3	Prev. close
£ Spot	$1.1503-1513	$1.145-1.1455
1 month	0.15-0.13 pm	0.13-0.12 pm
3 months	0.46-0.41 pm	0.43-0.40 pm
12 months	0.74-0.64 pm	0.65-0.55 pm

Forward premiums and discounts apply to the U.S. dollar.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu January 3	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	44.6444	−0.57	+0.06	±1.5428
Danish Krone ...	8.14104	7.96888	−2.11	−1.48	±1.6421
German D-Mark	2.24184	2.23010	−0.52	+0.11	±1.1463
French Franc ...	6.87456	6.82564	−0.71	−0.08	±1.3659
Dutch Guilder...	2.52595	2.51450	−0.45	+0.18	±1.5165
Irish Punt	0.72569	0.714482	−1.54	−0.91	±1.6671
Italian Lira	1403.49	1371.44	−2.28	−2.22	±4.0511

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST POUND

Jan 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.1415-1.1530	1.1500-1.1510	0.16-0.13c pm	1.51	0.48-0.43 pm	1.58
Canada	1.5125-1.5300	1.5155-1.5165	0.02cpm-0.06dis	−0.16	0.17-0.04 pm	0.28
Nethlnd.	4.08¾-4.12¾	4.10¾-4.11¾	1½-1¼c pm	4.18	4⅞-4½ pm	4.56
Belgium	72.62-73.40	72.90-73.00	3-8c dis	−0.90	1-9 dis	−0.27
Denmark	12.97-13.03	13.02-13.03	1¾-2⅞ore dis	−2.19	4¼-5¾ dis	−1.61
Ireland	1.1636-1.1675	1.1660-1.1670	0.31-0.58p dis	−4.63	1.07-1.32dis	−4.10
W. Ger.	3.62¼-3.65¼	3.63¼-3.64¼	1½-1¼pf pm	4.53	4¼-4⅛ pm	4.67
Portugal	194.90-197.70	195.15-196.75	280-880c dis	−26.03	730-1750dis	−25.31

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Jan 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.1415-1.1530	1.1500-1.1510	0.16-0.13c pm	1.51	0.48-0.43 pm	1.58
Ireland†	0.9810-0.9900	0.9850-0.9865	0.56-0.51c pm	6.51	1.47-1.37 pm	5.76
Canada	1.3201-1.3220	1.3205-1.3210	0.17-0.20c dis	−1.68	0.41-0.46dis	−1.32
Nethlnd.	3.5550-3.5870	3.5705-3.5715	0.82-0.80c pm	2.72	2.64-2.62 pm	2.95
Belgium	63.25-63.58	63.30-63.40	9-10c dis	−1.80	21-23 dis	−1.39
Denmark	11.27½-11.36	11.30¾-11.31¼	2¾-3¼ore dis	−3.18	7-7½ dis	−2.56
W. Ger.	3.1520-3.1790	3.1610-3.1620	0.80-0.75pf pm	2.94	2.55-2.50 pm	3.19
Portugal	170-171½	170½-171	250-530c dis	−27.37	700-1550dis	−26.32

FINANCIAL FUTURES

Late recovery

Interest rate contracts recovered from a weak start on the London International Financial Futures Exchange yesterday, and in some cases finished at the day's peaks. March Eurodollars opened at 90.43, and touched a low of 90.41, depressed by a poor reception to Wednesday's U.S. Treasury seven-year note auction and fears about the prospects for yesterday's auction of 20-year paper.

Federal funds were regarded as rather firm at around 8¾ per cent, but intervention by the Federal Reserve through four and seven-day system repurchase agreements, coupled with expectations that the Federal funds rate will trade lower in the near future, helped Eurodollars and Treasury bonds to recover.

A weaker tone to the dollar also boosted market sentiment and Eurodollars for March delivery closed at the day's high of 90.56, compared with 90.48 previously. March Treasury bonds began at the day's low of 70, and after touching a peak of 70-22 closed unchanged on the day at 70-19.

Fears about lower oil prices, and speculation that bank base rates will be increased to stem the slump in the value of the pound, pushed March gilt futures down to 105-09 at the start. But after touching a low of 105-06 the contract recovered as the pound showed signs of improvement on the foreign exchanges. After rising to a high point of 105-26 the contract finished unchanged at 105-20.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
March	90.56	90.56	90.41	90.48
June	89.96	89.96	89.81	89.90
Sept	89.44	89.44	89.33	89.42
Dec	89.01	—	—	88.99
March	88.65	—	—	88.63

Est. volume 4,627 (2,357)
Previous day's open int. 10,092 (9,986)

U.S. TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
March	70-19	70-22	70-00	70-19
June	69-27	—	—	69-28

Est. volume 1,500 (821)
Previous day's open int. 1,243 (1,378)

DEUTSCHE MARKS
DM 125,000 $ per DM

	Close	High	Low	Prev
March	0.3176	0.3187	0.3165	0.3169

Est. volume 34 (61)
Previous day's open int. 164 (133)

CHICAGO

U.S. TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

GNMA (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	68-25	68-26	68-17	68-19
June	68-02	68-03	67-25	67-28
Sept	67-14	67-14	67-13	67-10
Dec	66-29	66-29	66-26	66-26
June	66-00	66-00	65-28	65-29

EURO-CURRENCY INTEREST RATES (Market closing rates)

Jan. 3	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc
Short term	9¼-9⅜	8⅝-8¾	9⅝-9⅞	5¾-5⅞	5-6½	6⅝-6¾	10⅝-10⅞
7 days' notice	9¼-9⅜	8⅝-8½	9⅝-10	5¾-5⅝	3⅝-3⅝	5⅝-5¾	10⅝-10⅞
Month	9¾-10⅛	8⅝-8⅝	9⅞-10	5¾-5⅞	4⅝-4¾	5⅞-5⅞	10½-10¾
Three months	10⅛-10⅛	8⅞-8⅞	9⅞-10⅛	5¾-5⅞	4¾-4⅞	5⅞-5⅞	10⅛-10⅛
Six months	10⅛-10⅝	9⅛-9⅛	10⅛-10⅝	5⅞-6	4¾-4⅞	5⅞-5⅞	10⅞-11⅛
One year	10⅞-10⅞	9⅞-10	10½-10⅞	5⅞-6⅛	4¾-4⅞	5⅞-5⅞	11⅜-11⅝

Jan. 3	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	13¼-14¼	11-11½	11⅛-11⅜	6-6⅛	12-12½
7 days' notice	13⅞-14⅞	10¾-11¼	10⅞-11⅜	5⅞-6⅛	12⅛-12⅝
Month	14-14½	10¾-11¼	10⅝-10⅞	6⅛-6⅛	12-12½
Three months	14-14½	10½-11	10⅝-10⅞	6⅛-6⅛	11⅞-12⅜
Six months	14⅛-14⅛	10½-11	10⅝-10⅞	6⅛-6⅛	11¾-12¼
One year	14⅝-14⅞	10¾-11¼	10⅝-10⅞	6⅛-6¼	11½-12

Asian $ (closing rates in Singapore): Short-term 8⅞-8⅜ per cent; seven days 8⅞-8⅜ per cent; one month 8⅞-8⅜ per cent; three months 8⅞-8⅞ per cent; six months 9¼-9½ per cent; one year 9⅞-10 per cent. Long-term Eurodollars: two years 10¾-11 per cent; three years 11¼-11½ per cent; four years 11½-11¾ per cent; five years 11¾-12 per cent nominal rates. Short-term rates are call for U.S. dollars and Japanese yen: others two days' notice.

MONEY MARKETS

Bank moves to calm nerves

Interest rates rose quite sharply on the London money market yesterday morning, but some market instruments, such as sterling certificates of deposit, finished below their highest levels as the pound made a slight recovery on the foreign exchanges during the afternoon.

The Bank of England was quick to calm market nerves, with an early round of money market assistance, taking out the full shortage at unchanged dealing rates, although dealers would probably have been happier with a bigger shortage.

UK clearing banks' base lending rate 9½-9¾ per cent since November 23.

Three-month interbank rose to 10⅜ per cent from 10 3/16 per cent, while discount houses' buying rates for three-month bank bills ranged between 9¾ and 10⅛ per cent compared with 9¾ per cent on Wednesday.

Despite the reluctance of the authorities to see higher base rates, much may depend on reaction to next Tuesday's money supply figures.

The Bank of England forecast a money market shortage of £500m, and in an early round of help bought £515m bills outright, by way of £1m bank bills in band 1 (up to 14 days maturity) at 9⅜ per cent; £10m Treasury bills in band 2 (15-33 days) at 9⅜ per cent; £291m bank bills in band 2 at 9⅜ per cent; £8m Treasury bills in band 3 (34-63 days) at 9⅜ per cent; £43m local authority bills in band 3 at 9⅜ per cent; £118m bank bills in band 3 at 9⅜ per cent; £10m Treasury bills in band 4 (64-91 days) at 9⅜ per cent; and £106m local authority bills in band 4 at 9⅜ per cent.

There was no further assistance before lunch and the Bank of England did not operate in the market during the afternoon, apart from providing late assistance of around £45m, bringing total help on the day to £560m.

Bills maturing in official hands, repayment of late assitance and a take-up of Treasury bills drained £438m, with bank balances below target absorbing another £180m. These outweighed Exchequer transactions adding £40m to liquidity and a fall in the note circulation of £90m.

MONEY RATES

Jan. 3	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.5-5.6	11	2⅝-2⅞	5 9/16-5¾	6.53125	16⅞-17¼	12.0	13½-14
One month	5.7-5.9	10⅝-10¾	4 7/16-4 9/16	5 11/16-5⅞	6.34375	16⅞-17⅛	10⅝-10⅞	14¾-15
Two months	5.60-5.75	10⅝-10¾	—	—	—	—	—	14¾-15
Three months	5.70-5.85	10⅝-10¾	4 9/16-4 13/16	5¾-5 13/16	6.28125	16⅞-17⅛	10⅝-10⅞	14¾-15
Six months	5.65-5.80	10½-10⅝	—	5 13/16-5⅞	—	—	10⅝-10⅞	14½-14¾
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	10¾	—	5¾	—	—	—	—

LONDON MONEY RATES

Jan. 3 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits
Overnight	—	9-9¼	8¾-9¼	8½-9¾	8½-9
2 days notice	—	—	9¼-9½	—	—
7 days or	—	—	—	—	—
7 days notice	—	9¼-9⅝	9⅝-9½	9½-9¾	8¾-9⅜
One month	10-9⅞	9¾-10⅛	9¾	10¼-10⅜	9⅝
Two months	10¼-10⅛	10⅛-10 3/16	10	10⅛	9⅝
Three months	10⅜-10⅛	10¼-10½	10⅜	10⅝	9⅝
Six months	10 7/16-10¼	10½-10 7/16	10½	—	—
Nine months	10 9/16-10⅜	10⅝-10 11/16	—	—	—
One year	10 9/16-10⅜	10 13/16-10⅞	10⅜	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	10¾-10⅝	—	9⅞	8.35-8.45	7⅞-8⅛	9 7/16-9½
Two months	10⅞-10½	—	10¼	8.35-8.45	8-8¼	9⅝-9⅝
Three months	10⅞-10½	—	10⅜	8.45-8.55	8 1/16-8 3/16	9⅝-9¾
Six months	10⅞-10⅝	—	10⅝	8.95-9.05	8 11/16-8 13/16	9 11/16-9⅝
Nine months	11¼-10⅞	—	10 7/16	9.5-9.5	—	—
One year	11¼-10⅞	—	10 11/16	9.7-9.9	8 13/16-9 1/16	9⅝-9 11/16
Two years	—	11	—	—	—	—
Three years	—	11¼	—	—	—	—
Four years	—	11½	—	—	—	—
Five years	—	11½	—	—	—	—

ECGD Fixed Rate Export Finance IV: Average Rate of interest period December 5 1984 to January 1 1985 (inclusive): 9.913 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 10 per cent from January 1 1985. London and Scottish Clearing Bank Rates for lending 9½-9¾ per cent. London Deposit Rates for sums at seven days' notice 6-6¼ per cent. Treasury Bills: Average tender rates of discount 9.1225 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 9¾ per cent; one-three months 10 per cent; three-six months 10¼ per cent; six-nine months 10¼ per cent; nine-12 months 10½ per cent. Under £100,000 8¾ per cent from January. Deposits held under Series 5 10 per cent. The rate for all deposits withdrawn for cash 7 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. January 3)
3 months U.S. dollars

bid 8 3/4	offer 8 7/8

6 months U.S. dollars

bid 9 1/4	offer 9 3/8

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES
NEW YORK (Lunchtime)

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The Table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, January 2, 1985. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept.,' E.M.E.A. London
Eurodollar Libor as of January 2 at 11.00 a.m.
3 months: 8 11/16 6 months: 9 1/16

ECU=$US.703274 SDR1=$US.977654
Sibor as of January 2 at 11 a.m.
3 months: 8¾ 6 months: 9¼

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	50.60
Albania	Lek	8.8171
Algeria	Dinar	5.135
Andorra	Fr. Franc	9.6995
	Sp. Peseta	174.85
Angola	Kwanza	29.918
Antigua	E. Caribbean $	2.70
Argentina	New Peso (o)	178.73
Australia	Dollar	1.2234
Grenada	E. Caribbean $	2.70
Guadaloupe	Franc	9.6995
Guam	U.S. $	1.00
Guatemala	Quetzal (O)	1.00
	Quetzal (h,l)	1.47
Guinea Bissau	Peso	85.9752
Guinea Rep.	Syli	25.2495
Guyana	Dollar	4.12
Haiti	Gourde	5.00
Paraguay	Guarani (o,c)	240.00
	Guarani (d)	382.00
Peru	Sol (o)	5555.62
Philippines	Peso	19.787
Pitcairn Is	N.Z. Dollar	2.107
Poland	Zloty (O) (3)	138.00
Portugal	Escudo	170.25
Puerto Rico	U.S. $	1.00

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

HK gives pledge on Bumiputra inquiry

By David Dodwell in Hong Kong

THE HONG KONG Government yesterday said it would not hesitate in prosecuting individuals found to have offered financial favours in return for loans from Bank Bumiputra BHD, the leading Malaysian bank at the centre of the country's biggest-ever financial scandal.

The pledge came in response to reports from Kuala Lumpur that a committee inquiring into the bank, which was rescued in September with bad loans amounting to M$2.25bn (U.S.$922,131) had found evidence that executives in Malaysia, and in the bank's Hong Kong subsidiary, had received gifts and other financial favours during Hong Kong's property boom between 1979 and 1982.

Companies linked with the now defunct Carrian empire, once headed by Mr George Tan, were the beneficiaries of the majority of bank Bumiputra's bad loans.

On liquidation in 1983, Carrian group debts were understood to amount to more than HK$10bn (U.S.$1.27bn). In May last year, Hong Kong police arrested five men – two Carrian executives and three professional advisers – on charges of conspiracy to defraud shareholders of Carrian.

The Malaysian report, drafted by a committee headed by Ahmad Nordin Zakaria, the country's auditor general, is understood to have recommended that Bank Bumiputra file criminal complaints against bank officials in Kuala Lumpur and Hong Kong.

Currency gains for Swiss bank

By John Wicks in Zurich

THE SWISS National Bank made a book profit on its foreign currency holdings of SwFr 2.6bn ($1bn) in 1984. This follows a rise in the average December exchange rate of the dollar from SwFr 2.195 in 1983 to SwFr 2.556 last year.

As in the previous year, the sum will appear in the National Bank accounts as a "valuation correction of foreign currency." In 1983, a book profit of SwFr 903.5m had been entered after the dollar had risen from SwFr 2.049.

Western Union ties up first part of debt deal

BY PAUL TAYLOR IN NEW YORK

WESTERN UNION, the financially troubled U.S. telecommunications group, has completed the first phase of a bank debt restructuring programme which will help the group meet its immediate cash needs.

The problems of the New Jersey-based company have mounted recently and its chairman and chief executive, Mr Roland Berner resigned 10 days ago after just 3½ months in the job.

The company said its banks had agreed to defer about $15m in interest on existing loans in the first quarter of this year in exchange for warrants to buy 500,000 common shares and have made an additional $12m secured loan available to Western Union.

Western Union has about $340m in debt outstanding to a group of 31 banks. Its total long-term debt stood at $894m at the end of 1983.

In November a group of banks cancelled a $100m credit line amid a spate of bad news for the company including a $15.5m third quarter loss. Subsequently Western Union, which is spending heavily to promote its Easylink electronic mail service, decided not to pay its common stock quarterly dividend for the first time in 35 years.

As part of the refinancing package Western Union has also agreed "under certain circumstances" to provide the banks with warrants to purchase an additional 250,000 shares in April 1985.

The company said the warrants would be exerciseable for 10 years after issue at 90 per cent of the average daily closing price of the company's stock during specified measuring periods. If all 750,000 warrants are issued and exercised the banks would hold about 3 per cent stake in the company, which has 24.4m shares outstanding.

Singapore to change finance regulations

BY CHRIS SHERWELL IN SINGAPORE

THE Monetary Authority of Singapore (MAS), the island state's powerful quasi-central bank, plans to change regulations affecting financial futures trading, the securities industry and merchant banks under its freshly reshuffled leadership.

The changes have been revealed by Dr Richard Hu, who has taken over the chairmanship of the authority from Dr Goh Keng Swee.

New legislation would be introduced this year to control financial futures trading on the Singapore International Monetary Exchange (Simex) Dr Hu said. The aim was to lay down guidelines for trading to prevent it from "becoming a casino."

The regulations are thought to be at a preliminary stage, but once in place are expected to allow the MAS to withdraw its representation on the Simex board.

Also proposed by the MAS are:

- Amendments to the Securities Industry Act later this year which, Dr Hu said, would bring it into line with present-day conditions but not constitute an upheaval.
- New guidelines for merchant banks operating in Singapore, spelling out more clearly their role. These have been under discussion for some time and are believed to have been finalised.

Perlis earnings rise despite turnover fall

By Wong Sulong in Kuala Lumpur

PERLIS Plantations, the diversified Malaysian group, controlled by Chinese tycoon, Robert Kuok, increased pre-tax profits by 5.7 per cent to 68.5m ringgits ($28.5m) for the year ended September. Turnover fell by 12 per cent to 370m ringgits.

The earnings exceeded the forecast of 64m ringgits made when Perlis acquired a 34 per cent stake in Shaw Brothers Malaysia, the cinema operator, last March.

First-half profits were flat, but earnings improved 26 per cent during the second half.

Nat-Ned improves

BY OUR AMSTERDAM CORRESPONDENT

NATIONALE – NEDERLANDEN, the largest insurance company in the Netherlands, said it expects 1984 revenues to climb more than 25 per cent to above Fl 16bn ($4.49bn).

Of the Fl 3bn gain in turnover, Fl 1.6bn was attributed to the consolidation of Amfas, previously one of the largest Dutch insurers, which was acquired last year by Nationale-Nederlanden. When disregarding extraordinary items, operations outside the Netherlands particularly contributed to the growth in revenue.

The Hague and Rotterdam-based company said net income in 1984 would exceed that in 1983, when earnings amounted to Fl 475. Life insurance and investments should post a "substantial increase" in profit, while professional reinsurance should show some improvement.

Unilite to rejoin exchange lists

By Our Kuala Lumpur Correspondent

UNILITE Electrical Industries, suspended on the Kuala Lumpur Stock Exchange for 10 years because of heavy losses, is to be quoted again after a reconstruction scheme which gives the Sabah Land Development Board (SLDB) a controlling stake.

SLDB, an agency of the Salbah state government, is to bring 14,500 acres of oil palm estates, valued at 81 ringgits ($33.7m) into Unilite in exchange for 54m new shares of 1 ringgit each.

Dutch bourse trading at peak

By Laura Raun in Amsterdam

THE AMSTERDAM Stock Exchange posted another record turnover in 1984, but Baron van Ittersum, chairman of the bourse, warned that the accelerating international competition among financial centres threatened to halt such gains.

In an address to stock exchange members he said that turnover jumped 23 per cent to Fl 154bn in 1984 from the previous year, when the volume also was at a record high. Trading has trebled in the past three years, buoyed by the economic recovery, invigorated corporate profits and new share listings.

On Wednesday, the first trading day of 1985, the general index spurted 4.7 to an all time high of 186.6 – the largest single day advance ever. However, yesterday it retreated 1 point to 185.6, compared with the 1984 mid-year low of 146.8.

Share turnover, which exceeded bond volume for the first time since 1977, grew 34 per cent (only 8 per cent when corrected for price appreciation), while bond turnover expanded 13 per cent last year.

Baron van Ittersum said, however, that the value of share issues slumped to a disappointing Fl 600m last year from Fl 824m in 1983.

Nevertheless, new issues burgeoned on the parallel market – the three-year-old market that has more flexible listing requirements than the official market. Thirteen new companies were introduced to the parallel market, compared with four the previous year.

Baron van Ittersum cautioned, however, that Amsterdam needed to guard against losing its good reputation as an investment centre. In the past year, several non-member investment firms had been accused of engaging in dubious practices, including investor fraud and coercive sales tactics.

Under pressure from the stock exchange the Dutch Finance Ministry had unveiled draft legislation relating to brokerage firms that had been pending for more than 10 years. The proposals will impose a permit system for stockbrokers and require a "clear" prospectus for new issues not listed on a recognised bourse. Neither of these is currently required.

Baron van Ittersum also said that the 140-member exchange's move away from fixed commissions last year had been necessary to remain internationally competitive.

Naarden to report sharply higher profits

By Our Amsterdam Correspondent

NAARDEN, the flavours and fragrances group, will report sharply higher earnings in 1984 compared with 1983's Fl 15.1m ($4.2m) profit, according to Mr J. P. Guepin, group chairman.

Revenues will rise a moderate 6 per cent to Fl 600m in 1984 from Fl 568m the previous year. The group plans to invest Fl 35m in 1985 for the replacement and expansion of production and storage facilities.

- Wessanen, the food processing group, repeated its prediction that net income would amount to at least Fl 46m in 1984, up 25 per cent from the previous year. Mr G. H. von Driel, chairman, said turnover should exceed Fl 4bn in 1984, up from Fl 3.6bn the preceding year.

All divisions, which include dairy products, meat products and edible oils and fats, contributed to the improved earnings, he said. Wessanen was introduced on the London Stock Exchange late last year.

- Ahold, the largest food retailer in the Netherlands, should post a 13 per cent higher turnover of Fl 11bn, exceeding previous expectations, according to Mr Albert Heijn, group president.

Revenue grew most sharply in the U.S., largely due to the strength of the dollar against the guilder. Turnover in the Netherlands, however, continued under the pressure of stagnant consumer spending.

Net income for 1984 should "clearly rise" above the Fl 87m profit of 1983. Mr Heijn said operations for the full year followed the trend seen at mid-year, when the company noted a strengthened position in both the U.S. and the Netherlands through a continuation of its competitive pricing policy.

Portuguese utility to raise NKr 200m credit

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

ELECTRICIDADE de Portugal is raising NKr 200m through a seven-year credit in domestic Norwegian currency. This is believed to be the first such operation since the market was officially liberalised last month.

Arranged by Union Bank of Norway the deal is split into two tranches comprising a NKr 100m fixed-rate tranche bearing interest at 13.35 per cent and a NKr 100m floating-rate tranche with interest linked to the Oslo interbank offered rate for crown deposits.

The interest margin on the floating-rate portion has been set at ¼ per cent for the first three years, rising to ⅜ per cent thereafter. Repayments on both tranches begin after a grace period of four years.

Bankers believe that the credit by Portugal's electricity board will be the first of several international deals in the Norwegian market this year. Norway's Government, which is keen to promote capital exports because of rising oil income, has provided for a total NKr 5bn volume of such deals in 1985.

However, the relatively high level of domestic Norwegian interest rates remains a drawback. The interest rate of 13.35 per cent on the fixed-rate portion of the Norwegian deal contrasts with a coupon of only 10¼ per cent on a recent seven-year NKr 250m Eurobond for the export credit agency Eksportfinans.

WEEKLY U.S. BOND YIELDS (%)

	Jan 2	Dec 26	1985 High	1985 Low
Composite Corp. AA	12.15	12.04	14.23	12.15
Government:				
Long-term	11.65	11.38	13.69	11.65
Intermediate	11.65	11.41	13.79	11.65
Short-term	10.38	10.20	13.22	10.38
Municipal	n/a	9.99	11.14	9.99
Industrials AAA	11.70	11.59	13.66	11.70
Industrials AA	12.12	11.95	14.13	12.12
Utilities AA	12.18	12.14	14.45	12.18
Preferred Stocks	11.42	11.18	12.17	11.42

Source: Standard & Poor's

IADB launches bond

BY OUR EUROMARKETS STAFF

THE Inter-American Development Bank launched a Fl 200m, 10-year, 7¾ per cent bond issue on the Dutch capital market yesterday, the only new issue in any important sector of the international capital markets.

The bond is led by Algemene Bank Nederland and Amro Bank, which will price the paper next Thursday.

It came on another day of generally quiet trading in European bond markets with sentiment depressed by Wednesday's heavy losses in New York. Fixed rate dollar Eurobonds steadied in late afternoon trading, however.

D-Mark issues were also depressed by the strong dollar and fears of higher U.S. rates, shedding up to ½ point, but Swiss issues closed marginally firmer.

BHF Bank bond average

Jan 3		Previous
102.706		102.860
High	1985	Low
103.042		98.056

U.S. broker plans new takeover role

By Terry Byland in New York

DONALDSON Lufkin Jenrette, one of the large U.S. securities firms, plans to take on an important new role in the takeover field by making "friendly investments" in the equity of possible bid target companies. The share stakes would provide a potential defence against either unfriendly bids or threats of "greenmail" under which the victim is persuaded to buy off the raider at a premium.

Mr John Castle, who this week assumed the post of chief executive of Donaldson, Wall Street's 12th largest firm, said that while no investments have yet been made, the first moves could come "by mid-year."

The investments, which will only be made with the full compliance of the directors of the targeted companies, could be in preferred stocks or other securities.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for January 3.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex Credit 12⅝ 88	150	†102	102½	−0⅝	−0⅝	11.81
Austria Rep 13⅝ 92	100	110	110½	−0⅝	−0⅝	11.48
Bank Of Tokyo 12⅝ 92	100	100⅝	100⅝	−0⅝	−0⅝	12.53
Bank of Tokyo 13⅝ 91	100	107	107½	−0½	−0⅝	11.91
Caisse Nat Tele 13⅜ 91	100	†107¾	108¼	+0⅛	+0⅛	11.86
Canadian Pac 12½ 99	75	103⅛	103⅝	−0⅛	0	11.98
Chevron U.S.A. 12¼ 89	800	101⅝	102⅛	−0⅛	+0⅛	11.68
Creditanstalt 13⅛ 91	100	†103¾	104¼	−0⅛	−0⅝	12.15
Denmark Kingdom 13 91	100	103½	104	−0⅝	−0⅝	12.08
Denmark Kingdom 13¼ 91	100	*†104¾	105¼	0	0	12.09
Denmark 13⅞ 88 XW	100	105¼	105¾	−0⅛	−0⅝	11.86
Denmark Kingdom 14 91	100	105½	106	−0½	−1	12.61
E.I.B. 12½ 90	100	103⅜	103⅞	0	−0⅛	11.51
E.I.B. 12⅞ 94	100	104⅝	105⅛	−0⅝	−0⅝	11.93
E.I.B. 13 96	200	103⅞	104⅜	−0⅛	−0⅝	12.29
Export Dev Corp 12 89	100	101⅞	102⅜	−0⅛	−0½	11.38
Exxon Capital Corp 0 2004	1800	†12⅞	13⅜	0	0	10.76
Florida Fed Sav 12⅝ 89	100	†102⅝	103⅛	−0⅛	−0⅝	11.45
General Mills 12 91 XW	100	*†98¾	99¼	0	0	12.22
IBM Credit Corp 11¾ 87	200	102⅝	103⅛	−0⅛	−0½	10.44
Indust Bk Japan 12⅞ 89	100	103½	104	+0⅛	−0½	11.76
Indust Bk Japan 13⅝ 91	125	109⅝	110⅛	0	−0⅝	11.58
Int-Am Dev Bk 12¾ 91	150	103	103½	0	+0⅛	12.01
Japan Air Lines 13⅜ 94	100	*†110⅞	111⅜	0	+0⅛	11.38
L.T.C.B. 12⅞ 91	100	103⅝	104⅛	−0⅛	−0⅝	11.99
Macy Cred Corp 11¾ 85	100	†97⅛	97⅝	−0⅝	−0⅝	12.16
Mellon Bank 13 87	100	†102⅜	102⅞	−0½	−0¾	11.72
Merrill Lynch 12¾ 89	100	102¼	102¾	−0⅝	−0¼	11.98
Minnesota 11½ 87	100	101¼	101¾	0	+0¼	10.88
Mitsubishi Corp 13¼ 89	100	107⅛	107⅝	−0⅛	+0⅛	11.05
Montagu 13⅛ 91	100	†103⅞	104⅜	−0¼	−0⅝	12.27
Morgan Guaranty 12¼ 88	150	101⅝	102⅛	−0⅛	−0⅝	11.63
Morgan Guaranty 12⅝ 88	150	†101¾	102¼	−0⅝	−0¾	11.77
Nippon Cred Bk 13⅝ 89	100	105⅞	106⅜	−0⅝	−0½	11.90
Nth America 12⅞ 91	100	104⅞	105⅜	+0½	+0½	11.71
Penney J.C. 12¾ 91	100	*103⅛	103⅝	0	0	11.96
Quebec Hydro 11½ 92	100	†100	100½	−1½	−1½	11.44
Quebec Province 12¼ 94	150	†100⅞	101⅜	+0⅛	+0⅛	12.03
Ralston Purina 12¾ 89	100	103⅞	104⅜	−0⅛	−0⅝	11.55
Royal Bk Can 12¾ 92 XW	100	†100½	101	−0½	−0¼	12.57
Saskatchewan 11 7/8 89	100	†101½	102	−0⅝	−0⅝	11.37
Sears O/S Fin 11⅝ 91	150	101	101½	−0⅝	−0⅝	11.32
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12.17

	Issued	Bid	Offer	Change on day	Change on week	Yield
Eurofima 7⅜ 94	10	102	102½	+0⅛	+0⅛	7.03
Int-Am Dev Bk 7½ 94	15	101⅜	101⅞	0	0	7.27
New Zealand 7⅛ 90	15	101⅛	101⅝	0	0	6.80
World Bank 7 94	20	99⅞	100⅜	0	0	6.97

Average price change On day +0⅛ on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Chrysler Credit 14 91 C$	50	†103½	104	−0⅛	−0⅛	13.11
Denmark Kingdom 13 89 C$	100	†101⅞	102⅜	0	−0⅛	12.35
E.D.C 11½ 89 C$	100	†97⅞	98⅜	0	−0⅛	12.02
Fed Business 12½ 87 C$	50	†101⅞	102⅜	+0⅛	−0⅛	11.46
Metro-Toronto 13 94 C$	50	†105⅛	105⅝	−0⅛	−0⅝	11.55
T.C.P.L. 12⅝ 89 C$	75	†101½	102	0	+0⅛	12.12
Trizec Corp 13 89 C$	50	†101¼	101¾	0	0	12.53
Vienna City 13¼ 94 C$	82	†105¼	105¾	0	0	12.21
E.I.B. 10⅝ 90 ECU	50	106	106½	+0⅛	+1½	9.20
E.I.B. 11⅛ 94 ECU	50	107⅛	108	+0⅛	+1⅛	9.88
LLI 11 89 ECU	80	105⅞	106⅜	+1⅛	+1⅝	9.25
Aegon 8¼ 89 FL	100	104⅛	104⅝	−0⅛	−0⅛	7.03
Algemene Bk 7¾ 89 FL	150	103⅝	104⅛	0	0	6.77
Dai-ichi 8½ 89 FL	50	102⅝	103⅛	0	+0⅛	7.88
Friesch-Gron 8¼ 89 FL	50	103⅜	103⅞	0	+0½	7.32
New Zealand 8¼ 89 FL	100	104⅛	104⅝	0	0	7.04
Charbonnages 13⅝ 85 FF	400	101⅞	102⅜	−0⅛	0	11.96
Air Canada 11⅛ 94 £	40	100½	101	0	−0⅛	11.00
B.A.T. Int'l 10⅝ 91 £	100	96⅝	97⅛	−0⅝	−0⅝	11.30
CBS Inc 10⅞ 94 £	40	96¼	96¾	−0⅝	−0½	11.46
Denmark 11⅞ 94 £	75	99⅝	100⅛	−0½	−1⅛	11.96
E.E.C. 11⅜ 94 £	50	99½	100	−0¼	−0⅝	11.41
Grand Met 10⅞ 90 £	50	95⅞	96⅛	−0½	−1	11.88
ICI Finance 8½ 99 £	100	105¼	105¾	0	0	7.95
Ireland 11⅛ 94 £	50	96½	97	0	−0⅝	11.95
New Zealand 10⅞ 88 £	100	96⅝	97⅛	−0⅛	−0⅛	11.61
O.K.B 12¼ 97 £	30	103⅝	104⅛	0	−0⅛	11.53
Royal Trustco 12¼ 89 £	30	†102¼	102¾	−0⅛	−0⅝	11.40
United Tech 11⅜ 89 £	35	103½	103⅝	−0⅛	−0⅛	10.77
World Bank 10⅝ 89 £	100	97	97½	−0⅛	−0⅝	11.44
World Bank 10 5/8 89 £	50	96¾	97¼	−0⅝	−0⅝	11.44
World Bank 11 94 £	50	97	97½	−0⅛	−0⅝	11.47
E.C.S.C. 10½ 94LF	100	103⅛	104⅛	−0⅝	−0⅛	9.88
Nat Lux Alum 10½ 92 LF	600	103½	104½	−0⅛	+0⅛	9.72

FLOATING RATE NOTES

[illegible]

DEUTSCHE MARK STRAIGHTS

[illegible]

SWISS FRANC STRAIGHTS

[illegible]

YEN STRAIGHTS

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bk 7⅛ 94	15	[illegible]	[illegible]	[illegible]	[illegible]	7.14

CONVERTIBLE BONDS

	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						
Nissan Motor 5¾ 98	4/83	700	91⅝	92⅝	−1⅛	9.51
Oki Elec Ind 3½ 99	10/84	806	87⅝	88⅝	−0⅛	4.53
Orient Leasing 5¼ 98	6/83	2880	114⅝	116⅛	−0⅝	−4.98
Secom 3⅜ 99	10/84	5434	85⅝	87	−1⅛	−8.49
Sekisui House 3 99	6/84	612	84½	85⅝	−1½	−1.68
Sumitomo Corp 2⅞ 99	5/84	583	91⅝	92⅝	−1⅛	−3.38
Takeda Riken 3⅜ 2000	10/84	7683	85⅝	87⅛	−1½	8.83
Tokyo Sanyo Elec 3½ 99	12/84	772	90	91	−0⅝	−0.71
Yamanouchi Pharm'cal 4 90	10/83	1483.2	173½	175	−0⅛	−2.24
Nippon Oil Co 2⅛ 92 SF	3/84	1052	†104½	105½	0	19.50
Nippon Shinpan Co 2 92 SF	3/84	801	†95½	97½	−0½	15.61
Sanyo Paper 2⅛ 92 SF	4/84	877	*†160	161	0	−2.94
Asics 5 92 DM	12/83	520	101⅞	102⅞	+0⅛	21.81
Sum Realty 6¼ 92 DM	2/83	385	184	184⅝	−0⅛	−8.39

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month, § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cu. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.